THE BUSINESS WEEK

A Journal of Business News and Interpretation

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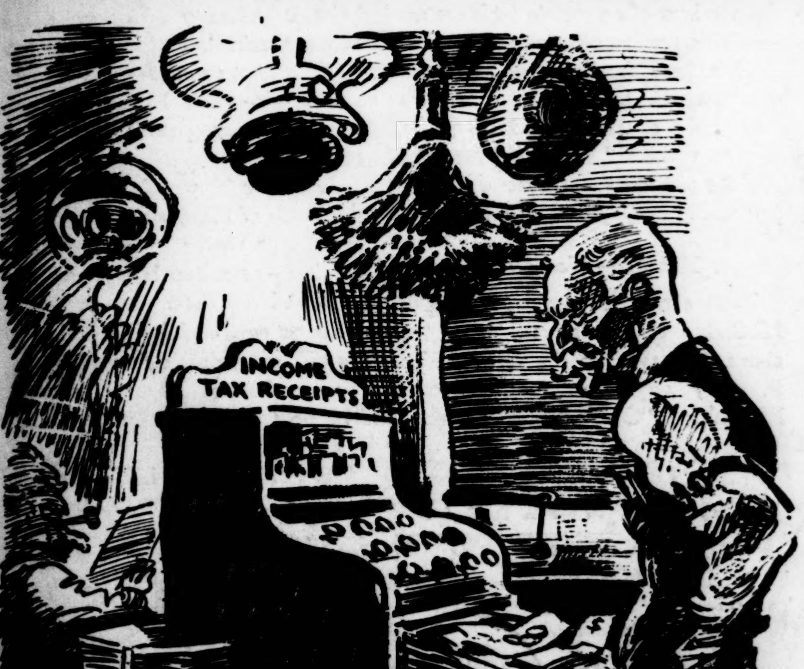
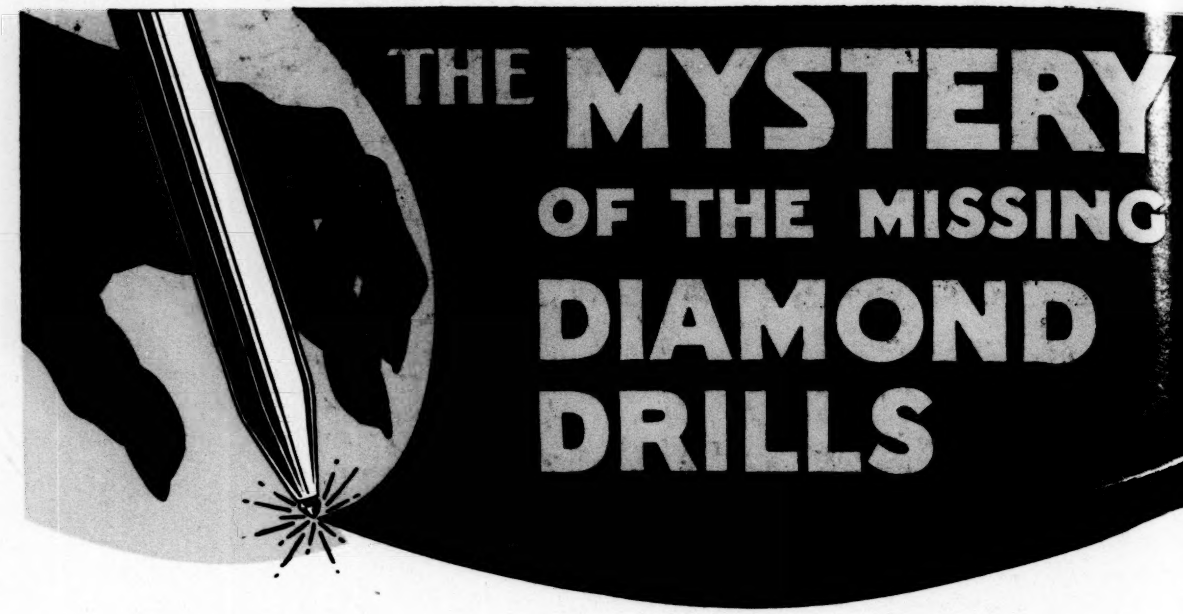

INCOME TAX RECEIPTS

"Not Such a Bad Year, After All"

A McGRAW-HILL PUBLICATION

15¢

APRIL 2 1930



THE MYSTERY OF THE MISSING DIAMOND DRILLS

Where did the Diamond Drills go? In whose hands were they last?—One of the many Tool Crib problems which confronted Whitman & Barnes, Inc., Detroit, Mich.

DIAMOND DRILLS and other high-priced tools were disappearing with alarming frequency. Under the existing tool check system they could not be traced—nor could it be known whether they were lost or stolen.

After an investigation, a McCaskey "One-Writing" System was installed to watch over the valuable 3,000 item stock. Now each time a tool is issued, the crib girl has a *triple record*, showing number of tool, operator's number, time, and date—*over the operator's signature!* The two slips are then filed, one against the operator and the other against the tool. The third is given the operator. When the tool is returned, the operator exchanges his slip for the original slip.

Now the operator must return or account for every tool issued to him. Now there is a complete breakage record charged against departments. Now it is known how often certain tools are used—with a resultant saving in tool stock.

Now there is no "mystery". As Superintendent E. L. Foreman says, "One girl easily operates the McCASKEY System which we believe paid for itself and the girl in its first 6 months' use by *practically ending tool losses!*"

What You See—You Can Control

From every side come instances of McCaskey Savings as striking as that above. Not alone in the tool crib, but in every department of production McCaskey "One-Writing" Systems bring a certainty of operation never before obtained. Tools cannot be lost—stocks cannot run out—production cannot tangle—with McCaskey Systems watching every operation every minute of the day.

From our 20 years' experience with thousands of firms, we sincerely believe we have an answer to every production problem—no matter how "mystifying". We can likely show you many parallel instances *corrected* by McCaskey Systems for every problem you bring to our attention. Please call upon our experience with no feeling of obligating yourself.

McCASKEY

With all the added valuable services McCaskey Systems entail no added clerical expense, but usually reduce it.

THE McCASKEY REGISTER CO.
Industrial Division 9040, Alliance, Ohio
Galt, Canada **Watford, England**

McCASKEY ONE WRITING SYSTEMS

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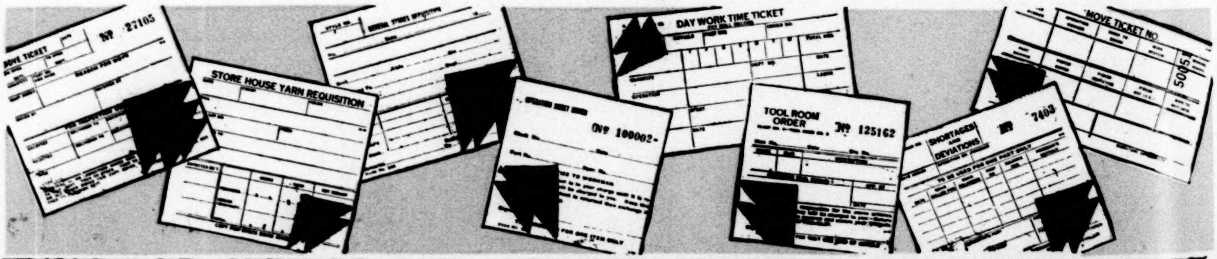
Perpetual Inventory
Single and Dual Control
Production Control
Machine Control
Process Inventory
Cost and Payroll Records
Order Control
Planning, Routing and Dispatching
Tool Check and Tool Investment Control



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What's In This Issue—And Why

THE tariff bill at last emerges from the Senate. As it goes to conference, the American business man is not much impressed with its wisdom, its necessity, or the manner in which it was made. THE BUSINESS WEEK telegraphed 300 outstanding business men in the United States, asking their opinions. They gave them, emphatically.

SPEAKING of the tariff, no human being is apt to study it from preamble to conclusion. So we present a concise table of rates on 90 important and representative items, indicating the general trend of the whole bill.

STUDYING carefully prospects in twelve key industries, THE BUSINESS WEEK concludes general business for the second quarter of 1930 should make fair comparison with levels for the same period of 1928.

MR. FORD's best friends would call him strong-willed; people not so friendly call him domineering. That, it appears, is the principal reason for widespread dissatisfaction among Ford dealers, who are giving up their agencies in considerable numbers.

SPECIAL cooperation of the Federal Reserve System enables THE BUSINESS WEEK to begin publishing monthly the Board's report of business conditions in the twelve Reserve districts. F. W. Dodge and Dun's also cooperate. Curious contrasts between different parts of the country show up.

THIS isn't the first unemployment census Uncle Sam has taken, as most people seem to think. It is the fifth. Results heretofore have usually been suppressed. The job this time is being done with a human kindness and sympathy unusual in so statistical a proceeding.

CREDITORS used to get back $1 for every $6 bankrupts owed them. Last year they got back $1 in $10. The law is 32 years old. The first really profound study of it has just been completed by William J. Donovan. His recommendations may help to stop one of the most appalling leaks in our commercial structure.

MERGERS: DuPont with Roessler & Hasslacher, making duPont larger, probably, than Allied Chemical & Dye—though there is little competition in products.

ANOTHER: Berkshire Fine Spinning Associates, Parker Mills and King Philip Mills—not yet completed. If successful, it will create the biggest cotton textile unit.

TEXTILE manufacturers, by the way, are making some progress toward curtailing production.

FIGHTING between chains and independents has reached the Northwest front. As in the South, radio and special publications are used for weapons.

NEWS from the steel battlefields: The Mather interests, cordial friends of Eaton, have acquired the last-but-one remaining independent mill in the Cleveland district.

HERE is the weekly item about the Van Sweringens: they have acquired the C. & E. I., which fits beautifully into the pattern of Missouri Pacific, Nickel Plate, and Erie.

RAILROADS operating from Chicago west have started slashing hours from schedules. The race to have the fastest trains has involved all of them.

THERE are restless stirrings that indicate railroads are about to go into ocean transportation, just as already they have integrated planes, trucks, and buses as part of their service.

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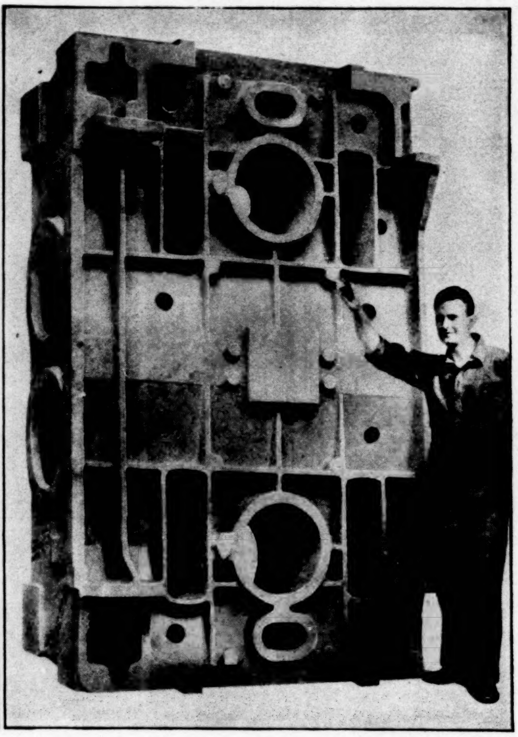


This Alcoa Aluminum Sand Casting, $9\frac{1}{2}$ feet high, was made as the engine base for a yacht

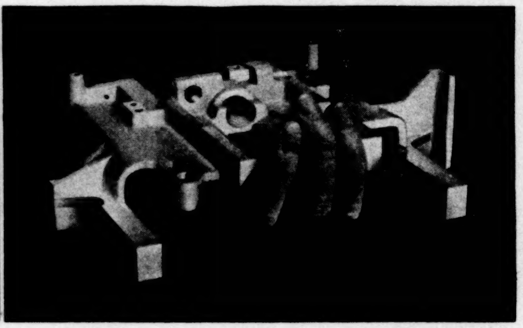
These two photographs present a graphic picture of the great versatility of use to which the light, strong Alloys of Alcoa Aluminum can be put.

Sand cast, in one instance, into an engine block that weighs only 3874 lbs., as compared to an equivalent weight of 10,000 lbs. in iron; yet strong enough to stand the terrific pounding of a high powered engine. In another instance, made into a die casting weighing only .875 lbs., yet of such accuracy and strength that it supports all the mechanism necessary for the accurate automatic printing of the winged words of telegrams.

Wherever "mass is in motion", the light, strong Alloys of Alcoa Aluminum serve as no other metal can. Lightening the dead-weight of objects, they cut down the cost to move them; whether they are collapsible tubes, machine parts or railway cars; whether they move in a 5 inch arc or travel a thousand miles.

It is a point of pride with Aluminum Company of America to have developed the light, strong Alloys of Alcoa Aluminum, and to have provided a reliable source of their supply, in ingot, sheet, extruded shapes, rolled shapes, tubing, forgings, die castings, sand castings, permanent mold castings, stampings, screw machine products, draw press products, wire, bar, rod. ALUMINUM COMPANY *of* AMERICA; 2405 Oliver Building, PITTSBURGH, PENNSYLVANIA.

This tiny 8-inch Alcoa Aluminum Die Casting supports all the mechanism that prints telegrams automatically



ALCOA ALUMINUM

THE BUSINESS WEEK
The Journal of Business News and Interpretation

News of the week ending March 29, 1930

Leading Business Men Disgusted With Tariff

Outstanding executives telegraph THE BUSINESS WEEK expressing sharp criticism of present bill

BUSINESS has gone quite sour about tariff revision.

It doesn't much appreciate the ten-months heroic labor of Congress on its behalf. In its eyes the congressional mountain has brought forth only a mouse, and the cat can have it.

General tariff revision wasn't necessary or desirable. It has been a leading factor in business hesitancy. The present tariff is better than the House revision, and the House bill better than the Senate. The flexible tariff should be retained, the export debenture plan killed, and the Tariff Commission reorganized with extended powers to recommend future tariff changes in a more scientific, business-like way.

This is the result of a spot telegraphic test of representative business opinion by six direct questions put by THE BUSINESS WEEK to 300 leading corporation executives among its subscribers last week when the Senate sent the battered tariff bill back to the House and to conference.

The questions asked:

1. Was general tariff revision necessary or desirable?
2. Has congressional handling of revision been a leading factor in business uncertainty?
3. Do you prefer Senate, House, or present tariff rates?
4. Should the flexible tariff be retained?
5. Do you favor the export debenture plan?
6. Do you favor reorganizing the Tariff Commission, expanding its powers to initiate rate changes?

The executives asked were heads of prominent corporations in the main lines of business: iron and steel, textiles, electrical manufacturing, chemicals, boots and shoes, automobiles, banking, retail trade, and export and import trade —a cross-section of national business.

Judging by the ratio of absentees among those replying, a fifth to a quarter of the executives were taking a spring vacation in California, the South or abroad—itself a striking sidelight.

Answers were swift, nearly all crisp and direct. Most were obviously currently informed, aware of issues involved; many indignant or discouraged.

The replies, two to one, said no general tariff revision was necessary or desirable. A few qualified by excepting agricultural rates—thus in accord with the President's general principle laid down before the special session. Dominant opinion is reflected in such phrases: "The present tariff bill was satisfactory. Any changes should have been made after thorough research by the Tariff Commission and on their recommendations." "Such revision is inevitably inspired and put through on the basis of political considerations."

On the other hand is the minority view: "Tariff revision was absolutely necessary to American agriculture and industry to meet competition with foreign low-paid labor."

Helped Upset Business

Two out of three replies agreed that Congressional handling of revision had been a factor in business uncertainty. Most agree it was not the only or a leading factor. "Present slump not the direct result of tariff tinkering; only a small contributing factor." "Revision creates a feeling of uncertainty in business." Some are more emphatic: "Congressional handling of the revision is not only a leading factor in present business uncertainty but one of the most contributive factors to the market decline at the end of 1929."

Present Rates Best

About half prefer the present level of tariff rates. Where changes are wanted, nearly two to one prefer the original House rates, which were higher than the final Senate, particularly in textiles. One reason for preferring the present level: "Any tariff measure which adds a billion dollars to the cost of living is a step in the wrong direction." Another: "Any inflation of the tariff must eventually weaken American industry in meeting competition."

Nearly all want some flexible tariff provision retained. "Flexible tariff if honestly administered is an improvement over the present method, but political considerations would nullify proper administration."

The vote against the export debenture plan is nearly unanimous among those expressing themselves on it. In about one-fifth of the replies lack of familiarity with the plan is admitted. Some recognize the debenture plan is "in the bill for trading purposes only." "Plan will affect adversely our foreign trade."

About five to one favor an effort to improve the process of tariff revision by reorganizing the Tariff Commission and expanding its powers, summed up in such comment: "Our tariff policy in administration should be determined by the people through their representatives, but the rates in accordance with that policy should be arrived at by a non-partisan (not bi-partisan) Tariff Commission."

The Business Outlook

BUOYANT securities markets, with an old-fashioned touch of late tickers, started a flurry of optimism this week, both here and abroad. This means mostly easy money and expectation of spring pick-up in business. The business news itself is still a bit chilly. The steel thermometer is not very sure of itself, but has practically ceased its disconcerting drop. Commodity prices, too, are beginning to dig out of the snow, but building, now definitely and strongly on the rise, is the real sunshine of the season. As it warms up, it is sure to start some of the spring freshets of trade, still slow in thawing out. Carloadings and check money turnover still show no real improvement; commercial borrowings are not increasing as fast as security loans; and failures are running high. But the frost cannot linger long under the showers of easy money and the returning warmth of building activity. April is certain to bring some seasonal stimulus to general business, unless growing Federal Reserve fear of runaway speculation makes them nip the frail blossom in the bud.

Embattled Farm Board Sets Up New Fronts

HIGH spots of the week's news from the farm front include:

Chairman Legge of the Farm Board says the wheat market is more "decent" than it has been for a month. He joins in Secretary of Agriculture Hyde's blessing given last week to the commodity exchanges. The Secretary put a stop to the wild talk going round against the exchanges by telling the Senate that they were necessary and helpful to the farmers but might be improved by regulations, particularly affecting standardization of grades of products dealt in.

The board, however, is beginning slowly to give ground under pressure of the heavy wheat carryover. On March 24, it decided to cut the loan basis on No. 1 Northern spring wheat at Minneapolis from $1.25 to $1.20, with corresponding cuts on other grades. This is the first admission that its fixed loan price to cooperatives was too high. The strongest reason for weakening is evidence that Canada is moving her wheat stocks at lower prices. The differential between Canadian and American prices has practically disappeared.

Board-Of-All-Trades

Indications that Farm Board activities will cut into many lines of private business multiply. The general manager of the Northwest Grain Association, Farm Board cooperative group, announces the association plans to handle insurance and bonding business of members as well as centralize purchasing of sidelines and supplies.

More important were conferences between Major-General T. Q. Ashburn, head of the government-owned Mississippi barge line, and W. G. Kellogg, general manager of the Farmers' National Grain Marketing Corporation, concerning a proposal to establish a Farm Board grain elevator at Helena, Arkansas. This is said to be a forerunner of a plan to set up similar storage places up and down the Mississippi as far north as St. Paul and Minneapolis, from which the government barge line would carry wheat for cooperatives to Gulf ports at considerable saving in freight rates and in competition with railroads. This may mean more grief for Mississippi Valley grain-carrying roads—and taxpayers who support barge lines.

More Storage Space Needed

The question of storage space for the new crop in face of the heavy carryover becomes pressing. Construction of new elevator space in the Southwest is going on rapidly, helping building activity. New elevators are going up at Wichita Falls, Texas; Galveston; Houston; Lubbock, Texas; Enid, Oklahoma; Hutchinson, Kansas; and Kansas City.

Much of this new growth of storage space is privately financed, but the Farm Board is beginning to go into the field. The Farmers' National Grain Corporation announces a program for purchasing and erecting additional elevators through loans to cooperative associations.

Wool Corporation in Fight

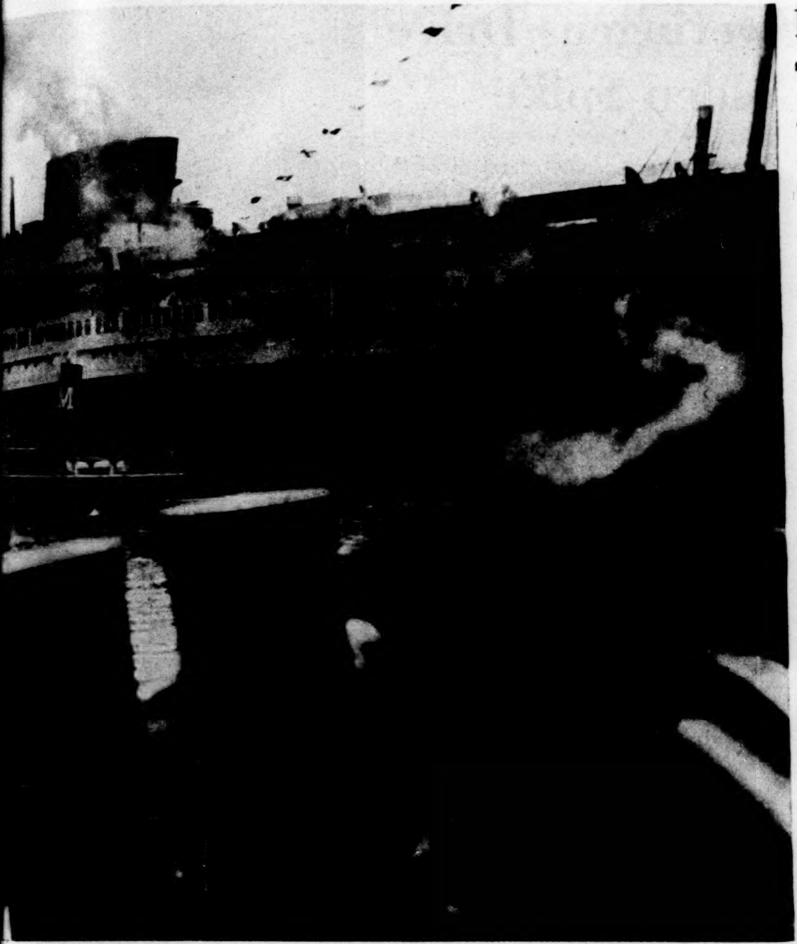
Sam McKelvie, wheat member of the Farm Board, says the board will not permit competition among cooperatives. As in Northwest wheat, so in wool, it is still having difficulties rounding up the co-ops. Late news from Texas says Draper & Company, exclusive agent of the National Wool Marketing Corporation, Farm Board agency, has signed up about 6 million pounds in Texas and expects to get 25 millions out of the total of 50 millions produced in the state. Six co-ops have been set up in the center of the wool district; but wool warehouse companies are divided in their attitude toward the Farm Board. Eight or nine have combined to fight the Wool Corporation and engaged another selling agent, said to be backed by New England dealers. Production loans tie many growers to warehouses. The Wool Marketing Corporation will try to pry them loose by going into the loan field. Warehouse rates of interest to growers are higher than the Farm Board will offer. Intermediate credit banks are loaning money both to government cooperatives and to warehouses fighting them. Warehouses make more money on the present basis than they could acting on a commercial basis for the Farm Board. Some progressive Texan bankers are said to have swung over to the cooperative side, feeling that the warehouses will lose out.

Chester Gray, Washington representative of the American Farm Bureau Federation, says farm organizations are fairly well satisfied with tariff protection given in the Senate bill. Rates on poultry and egg products, dairy products, excepting casein, live stock, wool, grain, grass and clover seed, fruits and vegetables, sugar, cotton and small crops like horseradish, mushrooms and chicory are declared to be approximately what farmers want. They want more favorable treatment, however, on hides, blackstrap molasses, starches, fats, and oils.

Calls Ship Subsidies Emergency Insurance

THE Postmaster awarded five more 10-year mail subsidies last week, three to the United Fruit Company, one each to the Grace Line and Roosevelt Steamship Company. They will cost us about $2½ millions a year, and enable the companies to run 11 new ships totalling 80,000 tons to be built at a cost of $40,500,000, about three-quarters of which will be loaned them by Uncle Sam at low interest rates. With five other mail contracts already awarded, we have set out on a building program calling for 22 ships costing $141,500,000.

The latest contract awards to United Fruit anticipate that at least one of the new merchant marine law amendments passed by the House and now before the Senate will be killed. That is the Davis



International

4 DAYS, 17 HOURS, 6 MINUTES

A new Atlantic speed record came in with the new German steamship Europa when she entered New York at the end of her first crossing this week. Her sister-ship, the Bremen, is runner-up

bill denying American ship companies mail subsidies unless they get rid of their foreign flag ships. If that amendment should be passed, these and other contracts awarded United Fruit might be invalid until the company sells its foreign flag vessels and replaces them with others of American registry. To do this, it would probably have to build its ships abroad, where they cost 40% less than at home.

The Navy Is Interested

The Postmaster is sure this will not be necessary. In making the awards he gave the latest official interpretation of the purpose of the Merchant Marine Act. It is to help build more ships conforming to the specifications of the Navy, so as to supplement the Navy in event of national emergency. To build these ships at the higher costs prevailing in this country the government lends money at low interest rates; and to operate them till they are needed in war the government pays a large part of the cost in the form of mail subsidies. In this way, the Postmaster says, "American flag vessels will be found in all parts of the world and on all the 'seven seas'."

Whether they will have anything to carry is another question, in view of the fact that other countries, too, are building ships in the same way and for the same purpose and consolidating and subsidizing their shipping companies till the seven seas are already cluttered up with half-empty ships carrying goods for practically nothing.

These latest subsidies are not all. Bids for contracts on 6 more are coming in in the next month. The Shipping Board hopes to be able to award some of them to past and prospective operators and purchasers of its ships so that it can get rid of the last of its marine legacy from the war period. The White amendment to the Merchant Marine Act, permitting this inducement to shy buyers, is expected to pass the Senate.

Europe Makes a Temporary Truce

THE conference at Geneva, which started out as a "Tariff Truce Conference" and soon changed its name to "The Conference for Concerted Economic Action," has made more progress than was expected since it began five weeks ago. The outstanding result of the conference is that it gives formal recognition to the interdependence of European commercial policies and sets up a procedure for future action to make this interdependence more effective.

Eleven Nations Sign

The subcommittee dealing with the question of the tariff truce itself framed an agreement which eleven nations signed this week. Under it the signers undertake not to renounce before April 1, 1931 the bilateral commercial treaties which any one of them has concluded with any other and which are now in force. This will establish a kind of tentative tariff truce, beginning April 1. At a meeting in November it will be decided whether and when it is to become fully effective. In the meantime, the League is to undertake an investigation into means of establishing closer economic cooperation.

It is expected that in September dates will be fixed for further preliminary conferences ending in a general conference in 1931, at which collective commercial treaties may be developed.

Great Britain, Belgium, Germany, Austria, Finland, Esthonia, Italy, France, Luxembourg, Netherlands and Switzerland signed the Tariff Truce, and in addition to these Greece, Latvia, Lithuania and Portugal signed the convention for future conferences on cooperation.

Meanwhile, these peaceful negotiations have been somewhat disturbed by certain of the tariff revisions proposed in our Senate's bill. France is alarmed over the increased duties proposed on laces.

How France Can Retaliate

This proposal has come at a time when there was prospect that France would moderate her own proposals of higher duties on automotive imports. American automobile interests in France were recently informed that the French government had practically decided not to impose prohibitive tariff. But pressure by French motor car makers for higher tariffs is strong and the increase of American tariffs on French products has strengthened their hand.

Railroads ► The Van Sweringens Drive Another Golden Spike

RAILROAD men are busy this week trying once again to guess what the Van Sweringens have up their sleeves. The famous brothers have just acquired from the Thomas F. Ryan Estate working control of the Chicago & Eastern Illinois. Their lines now total 18,000 miles, world's largest privately-owned railroad network. And the real transcontinental system, that was only a dream for the Harrimans, Goulds and Hills comes closer to reality. Yet some railroad men doubt that the Van Sweringens plan such a line at present.

Avoids Congested Centers

The C. & E. I. will tie the Van Sweringen Missouri Pacific more closely to the Van Sweringen Nickel Plate, Chesapeake & Ohio, and Erie. From Chicago it runs south along the Indiana line to Evansville. To the Southwest it reaches St. Louis. In between is a third line running to Thebes, in Mississippi, just above Cairo. There it connects with the Missouri Pacific. Over C. & E. I., traffic can move from Southwest to Northeast by Van Sweringen lines without being carried through congested freight terminals in large cities. Routed by Thebes, it misses St. Louis. Transferred from C. & E. I. to Nickel Plate at either Mode or Hustle, Ill., it misses Chicago.

Under the Interstate Commerce Commission's consolidation plan, the C. & E. I. would be merged with Chicago & Northwestern. But they say that the Northwestern is not particularly keen on getting it.

An Unwritten Chapter

The most interesting chapter in the story of a possible transcontinental system is yet to be written. There are one and one-half railroads yet to be acquired if the Van Sweringens are going out to form such a line. These are controlled by Arthur Curtiss James, dominant figure in the three Hill roads of the Northwest. The Missouri Pacific crack trains to San Francisco leave the M. P. tracks at Pueblo, Colo., to travel the Denver & Rio Grande line to Salt Lake City and then run over the Western Pacific to the Coast. These two lines, says the I. C. C., should be one.

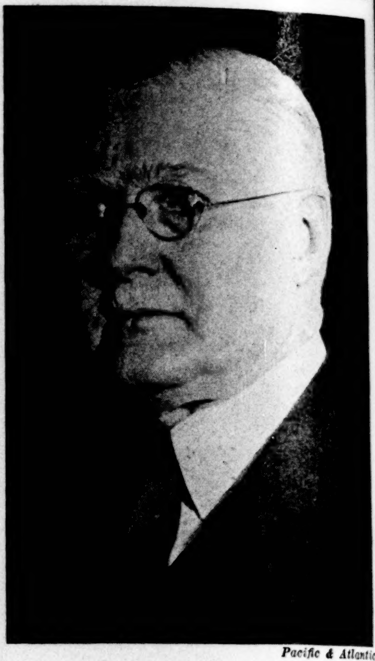
They have a colorful history. It was the building of the Western Pacific that wrecked the Gould plan for a transcontinental system. When Western Pacific fell into receivership it pulled down also Denver & Rio Grande, guarantor of its bonds. Subsequently, Western Pacific reorganized, bought the D. & R. G. at a receiver's sale for $5,000,000 subject to $120,000,000 indebtedness. Later it sold a half-interest to Missouri Pacific for $9,000,000. In 1926, Arthur Curtiss James was revealed as the man who had silently purchased control of Western Pacific in open market. Four years later, the Cleveland "Brothers, Bachelors, Builders" (THE BUSINESS WEEK, March 19, 1930) climbed into the Missouri Pacific saddle. Today, the mining engineer and the two real estate men find themselves joint owners of D. & R. G.'s strategic link between their lines. Will they conflict or cooperate? James stated last fall that he wants to build a 200-mile link connecting Great Northern with Western Pacific, giving his northwest roads their first entrance into California. If a tussle is ahead it will be an interesting one. Morgan interests are behind the Cleveland brothers. Rockefeller money is allied with James.

Labor ► Railroad Evens Out Employment

WITH a view to stabilizing employment on the Southern Pacific despite seasonal fluctuations, Paul Shoup, president of the road, has inaugurated a novel employment clearing house system. Under it, employees temporarily laid off in one occupation or locality will be promptly re-employed by the company, so far as possible, in other work or in another community, getting free transportation from one job to another.

On its more than 9,000 miles of railroad the Southern Pacific normally employs some 60,000 people. The peak need for transportation varies in different parts of the territory traversed, and one peak does not ordinarily match another. Likewise, the maintenance and improvement program is responsive to the needs of the different sections, which vary greatly and necessarily without being responsive to local situation.

The Southern Pacific policy has been to give as many employees as possible permanent work, but there is always a fringe of temporary employment. But the company executives expect that the new plan will reduce to a minimum the number of employees whose places on the payroll have been irregular.



Pacific & Atlantic

CRIES OF "AUTHOR!"

Dean of lobbyists, baby Senator, Joseph R. Grundy made the tariff bill what it is today

Construction ► Public Building To Aid Jobless

IF the unemployed can only hold on for a few weeks more it seems likely that a considerable number of them will find work in the very extensive public building programs now under way. Secretary Mellon announces a $92 million program for his department; this is in addition to a $40 million program now under construction.

The Treasury Department's construction work is widely distributed throughout the country. Immediate work is planned for about $10 millions; $35 millions more is expected to be under way before October; the remainder of the $92 millions will be on the market before the end of the year. State highway officials plan to improve 32,500 miles of roads this year, some 3,000 more than were improved in 1929. Much of this work will be concentrated in the industrial states where unemployment has been most severe. Ohio, New York and Pennsylvania, alone, plan to spend over a billion dollars on public works during 1930. For all states, total public works program is estimated at about $7 billion.

Unfortunately, most of these projects are still on paper only. They provide work only for engineers, specification writers and other "white collar" men who, of course, need jobs too.

Automotive ► Ford Dealers Rebel; Many Leave Ranks

HENRY FORD has sowed the wind in his dealer relationships; is he now about to reap the whirlwind? Reports from many centers indicate that there is revolt among his dealers. Estimates of defections from his merchandising ranks range high, for some regions, particularly in the South and Middle West. There is no doubt that opposition to his tactics is more vocal today than it ever has been before.

The focal point of the current turmoil is the Ford price reduction (THE BUSINESS WEEK, November 11, 1929), which was accompanied by a decrease in dealer discounts from 20% to 17½%. Ford prices were reduced from $15 to $50 but the lower discount placed over 90% of the reduction upon the dealer, to be taken from his already meagre gross profit. This action, following long years of absolute domination by the factory and followed, in turn, by renewed efforts to regulate the dealer's business according to factory wishes, seems to have been the spark which set off the rebellion long smouldering in the Ford dealer ranks.

Independent Merchants?

The fundamental difficulty between Ford and his dealers has always been that Ford refused to consider them the independent merchants that they are, in theory. He consistently refused to cultivate them, to cater to their wishes, to ask their advice. He considered them in the same category as his factory organization. He retained absolute control, his word was law and he, and he alone, could decide what to do, when and how to do it.

This policy has been a financial success. Ford has made money. His employees are unusually well paid. Ford dealers have consistently enjoyed a highly satisfactory sales volume. The autocratic spirit with which Ford activities are carried out, however, has made the work irksome to most independent souls who come under his influence. Factory workers complain of conditions in Ford plants but they continue to mob his employment offices because of the high wages he pays. His dealers bewail the "oppression" which has been their lot but accepted it and asked for more because of the strength of the demand for Ford cars.

Now, apparently, conditions have changed. Ford faces stronger and better organized competition than ever before. His dealers will not be able to sit at their desks and accept orders during 1930; they will have to work, and work hard, for business. Under these changing conditions the Ford franchise does not look so attractive. The more depressing elements of the work come to the surface and influence the dealers' action.

Specific Objections

Specifically, many Ford dealers object to: (1) roadmen who tour the country and report all violations of factory rules and enforce strict discipline upon the dealer organization; (2) reduced discounts by which the possible margin for net profit has been reduced to approximate invisibility; (3) treating contracts as "scraps of paper" as was done with the demand upon dealers to sign riders to their franchises accepting 17½% discount at the peril of their business lives; (4) iron-bound, factory-set quotas which frequently have little relation to sales possibilities in dealer's territory but are never below them; (5) inclusion of Lincoln cars and Ford trucks in quotas for localities where sales of either may be practically impossible; (6) failure of factory to consider dealer's needs in distributing models and colors; (7) having to buy all garage equipment from a recognized Ford source regardless of relative need or price of equipment; (8) factory exercising authority over amount of money to be spent for show rooms, garages, and similar investments in the business.

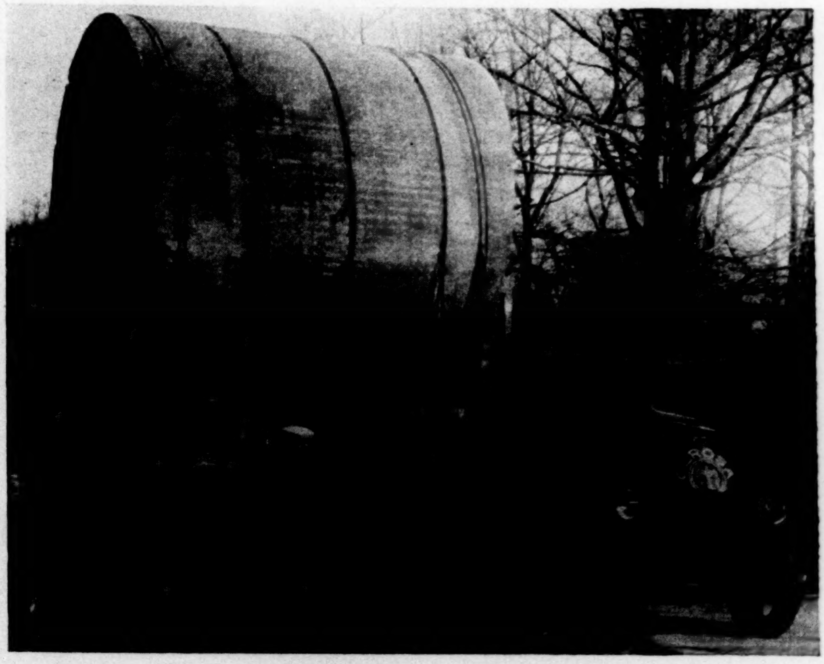
There may be other objections which a more careful survey would reveal. These are enough to suggest that reported unrest in the Ford organization is not entirely unjustified; that there are obvious changes which might be made.

Can Ford be coerced? He never has been before. Conditions change, however; his answer to the revolt will be awaited with interest.

Distribution ► To Concentrate On Wholesalers

MARKETING changes in the drug field may be foreshadowed by decision of Bauer & Black to reverse its distribution system and operate through wholesalers. This step is said to be due to the growing hold of wholesalers on groups of cooperating retailers and to such changes in outlet control as that effected by the recent McKesson & Robbins drug wholesaler merger.

Bauer & Black, like Johnson & Johnson and other large druggist suppliers, formerly made its principal sales efforts upon retailers.



THE BUSINESS END OF A SUBWAY

This 160-ton tunnel shield, most important adjunct in building an underground railway, was recently moved through the streets of Brooklyn on a trailer. It was the first time such a thing was ever done. Usually the shields are dismantled

Transportation ► Dispute Savings Claims On Ohio Waterway

CONTROVERSY over cheapness of waterway transportation as compared with railroad has broken out again. The specific point at issue this time is the figure given out by the Corps of Engineers, U. S. Army, claiming savings to shippers of $7,796,000 on the Ohio River waterway in 1928. First figures on Ohio River transportation costs have been awaited alike by friends and foes of inland waterways as likely to furnish conclusive evidence of their possibilities.

Savings on coal shipments, as reported by the Corps of Engineers, range from 20 cents to 50 cents a ton; on iron and steel, from $5 to $7 a ton.

Railway Age insists that, when the additional cost paid by the public in taxes for interest on the investment in the waterway and its maintenance is added, the total cost on the Ohio River is 10.50 mills per ton-mile as compared with a revenue of 8.83 mills collected by railroads in the same territory.

Impartial transportation engineers, considering both points of view, say it is safe to assume that definite savings can be shown on at least a portion of the river traffic. It is possible, they believe, that the saving may be so small that, were the waterway to take enough traffic from competing rail carriers as to affect their income, the general public would suffer for the benefit of a few large shippers and receivers; that only with a great increase in traffic handled from Pittsburgh down the Ohio and Mississippi can it be safely said that the public will benefit by its investment in the enterprise. Future plans for waterway development, therefore, depend vitally on the growth of Ohio River transportation in the next few years.

Advocates of the project look forward to such a reduction in costs as to make Baton Rouge and New Orleans, instead of Atlantic Coast cities, the exporting points for a great part of the Ohio valley. Others foresee the time when iron ore will be brought by sea to Baton Rouge and barged up the Mississippi and Ohio rivers to meet the coal.

Railroads ► Hours Drop in Race to Coast

THE speed competition among transcontinental railroads spread over a wide field March 21, when it became known that the Milwaukee railroad is planning a cut of 1 hour and 15 minutes in the Chicago-Seattle schedule of one of its trains and the Santa Fe is slashing 1½ hours from the time of a Chicago-Los Angeles flyer.

This brings into the race all the transcontinental lines except the Union Pacific and the Rock Island–Southern Pacific combination. And it has been announced unofficially that these roads are planning to shorten their Chicago-California schedules.

The competition got under way a month ago, when the Northwestern-Omaha railway introduced a new Chicago-Minneapolis train, the Victory, operating on a 10½-hour schedule. The Milwaukee met this challenge by reducing the time of its evening train, the Bat, from Chicago to St. Paul.

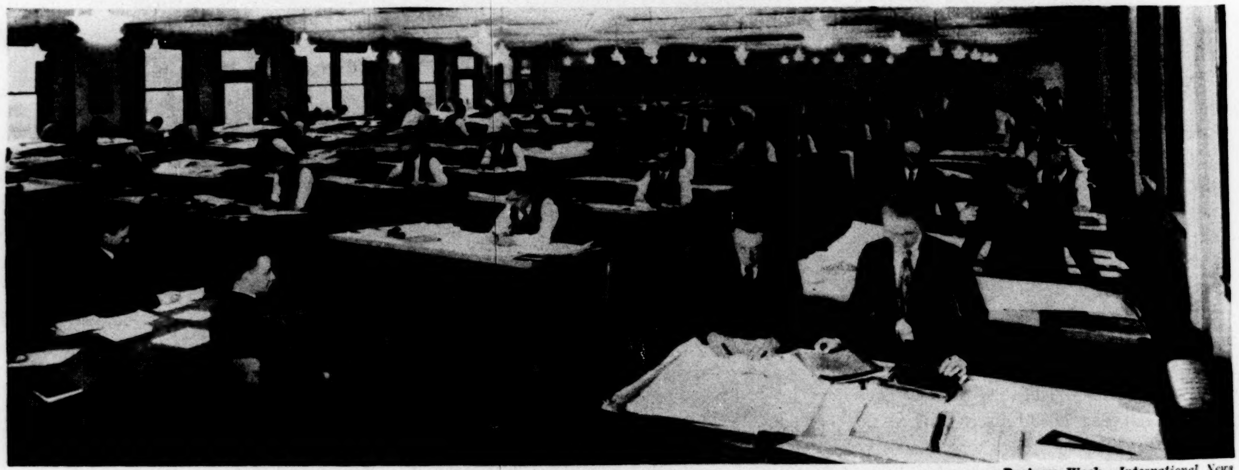
Then the Burlington–Northern Pacific and Burlington–Great Northern combination stepped into the picture. The Chicago-St. Paul schedules of the Northern Pacific's North Coast Limited was speeded up an hour and that of the Great Northern's Empire Builder an hour and 15 minutes. Now the Milwaukee road is arranging to reduce the Chicago-St. Paul time of its finest transcontinental train, the Olympian, by one hour and 15 minutes.

The Olympian, North Coast Limited and Empire Builder have been on 63-hour schedules, Chicago to Seattle. The Santa Fe's Chief from Chicago to Los Angeles has been a 58-hour extra-fare flyer. The Union Pacific and Northwestern roads also operate a 58-hour extra-fare train to San Francisco, the Overland Limited. It is expected that it will be this train whose schedule is reduced by the Union Pacific. When the Rock Island and Southern Pacific speed up their Golden State Limited, as they are expected to do, all the finest of the crack western trains will be in the race.

Travel ► Excursion Rates To Orient Revived

LEADING trans-Pacific lines will offer excursion rates to the Orient May 1 to July 31 for the first time since the war. Travel to the Far East is increasing rapidly.

Reductions are 25% of the usual one-way rate; will be effective only on round trips; limit 100 days. American Mail, Canadian Pacific, Dollar, Nippon Yushen Kaisha participate.



Business Week—International News

PLANNING FOR "SOVIET DETROIT"

Once a dance hall, this long room now houses a hundred draftsmen, part of the Austin Company's force working on plans for the industrial city which the Cleveland engineers will build for the Soviet. Yesterday, twenty staff men left for Russia to organize operations

International Newsreel

FACTS OF UNEMPLOYMENT

The Senate Commerce Committee hopes to get them during its hearings on labor legislation. Seated, left to right, Senators Vandenburg, Couzens, Johnson and Nye. Back row, Senator Wagner and Prof. Benj. Squires, University of Chicago, who described conditions in Illinois

Labor ► Clothing Workers Saved Up for Rainy Day

MEN'S clothing workers in New York, Chicago and Rochester face unusually serious unemployment conditions with unusual optimism. The clothing industry has adopted unemployment insurance which assures each worker safety from abject poverty through involuntary unemployment, without charity.

Little used, but effective in relieving unemployment distress, insurance is receiving much attention in Congress and among business and labor leaders. While some observers feel that a form of state insurance may be the final solution of the problem, experience of the clothing industry proves that cooperative action of men and management can go a long way.

Unemployment insurance was started among clothing workers in Chicago in 1923. Employers agreed to contribute 1½% of their payroll to a trust fund; employees, through the Amalgamated Clothing Workers of America, contributed 1½% of their wages. Trustees, selected by the two parties to the agreement, retain full control over distribution of the resulting fund. When the agreement was renewed, employers had found the plan so effective as a stabilizer of employment and production that they increased their contribution to the trust fund to 3% of their payroll.

During 1928 the same plan was extended to the industries in New York and Rochester where, however, the only contribution to the trust fund was 1½% of payroll. When original agreements expire in these centers it is expected that not only will employers increase their allotments, but that workers will contribute 1½% of their wages.

$5 Millions In Relief

Jacob Billikopf, chairman of the New York Clothing Unemployment Fund, recently announced that $100,000 would be distributed to unemployed clothing workers of New York during spring holidays. Similar distributions will be made in Chicago and Rochester. To date, $6 millions have been collected by the three funds and $5 millions distributed for unemployment relief.

In New York, distribution is made during two periods each year when seasonal unemployment usually occurs. A maximum of $30 is payable to each unemployed worker during each period.

Prominent companies in other fields that have adopted unemployment insurance: Dennison Manufacturing Co.; United Diamond Works; Crocker-McElwain Co.; John A. Manning Paper Co.; Leeds & Northrup Co.; Procter & Gamble Co. Joint schemes, cooperative movement of employers and employees, have been adopted by the ladies garment industry of Cleveland, cloth hat and cap industry of New York, and the lace industry of Kingston, N. Y., Scranton and Wilkesbarre, Pa.

Retailing ► Chains Total 8,206 With 211,159 Units

CHAINS are more numerous, have more units, than heretofore known, even excluding cooperative groups, sometimes called chains.

A new count by Commercial Service Co., most complete yet made, shows 8,206 chains, with 211,159 units. The average chain, therefore, has 25 units.

The count, classified by trades, follows:

	Chains	*Units*
Auto Accessories	68	691
Auto Tires	59	972
Bakeries	150	1348
Books & Stationery	35	464
Cigars & Tobacco	74	3390
Cleaners & Dyers	152	908
Confectionery	117	914
Dairy Products	18	452
Dept. & Dry Goods	865	8392
Drug	665	5075
Electrical	33	475
5¢, 10¢ & $1.00 Variety	345	6486
Florists	41	144
Furniture	173	961
Gasoline Filling Stations	832	69533
General Stores	307	1971
Gift Shops	5	18
Grocers	1025	80469
Hardware	206	970
Hats & Caps	55	741
Hosiery	67	457
Hotels	163	937
Jewelers	52	1125
Lumber Yards	82	859
Luggage & Trunks	7	30
Meat Markets	455	2343
Men's Furnishings	136	738
Men's Clothing	427	3765
Millinery	152	1565
Paints & Wall Paper	29	340
Pianos & Musical Instruments	46	427
Radio	81	664
Restaurants & Lunchrooms	353	3292
Shoes	465	6903
Sporting Goods	12	106
Tailors	19	118
Women's Ready to Wear & Furnishings	435	3116
TOTALS	8206	211159

Distribution ► Attack Chains on Northwest Front

EARLY spring breezes have wafted an aftermath of Shreveport's chain store fight to the northland, and the Twin Cities, Minneapolis and St. Paul, have become new storm centers in the controversy. The war in this new sector, however, is being fought along independent lines, although the radio, as in Shreveport, is a major weapon of the aggressors.

A few weeks ago a "Break the Chains" association was organized in the Twin Cities, and speakers began broadcasting. Two Minneapolis stations are utilized, WDGY daily and WRHM three times a week. Now the association has begun publication of a weekly magazine, *Break the Chains,* claiming a circulation of 20,000, "growing fast." And placards informing the reader that "This Is Not a Chain Store" are being sold to independents by the anti-chain organization.

The Chains Counter Attack

The chain stores, and others so designated by the association despite claims that they do not come within the classification, counter-attack with advertisements in the five Twin City dailies.

"Do Manufacturers Pack Lesser Weight Packages for Chain Stores?", the "ads" question, and proceed to answer in the negative. A full page spread headed "Employees' Statement of Facts" has been inserted over the signatures of employees of a bakery concern.

The newspapers, trying to keep their news columns neutral, have been subjected to denunciation by the radio speakers. The anti-chain group thus far has utilized no newspaper space. E. S. Carey, a Minneapolis attorney, is the chief spokesman for the anti-chain association.

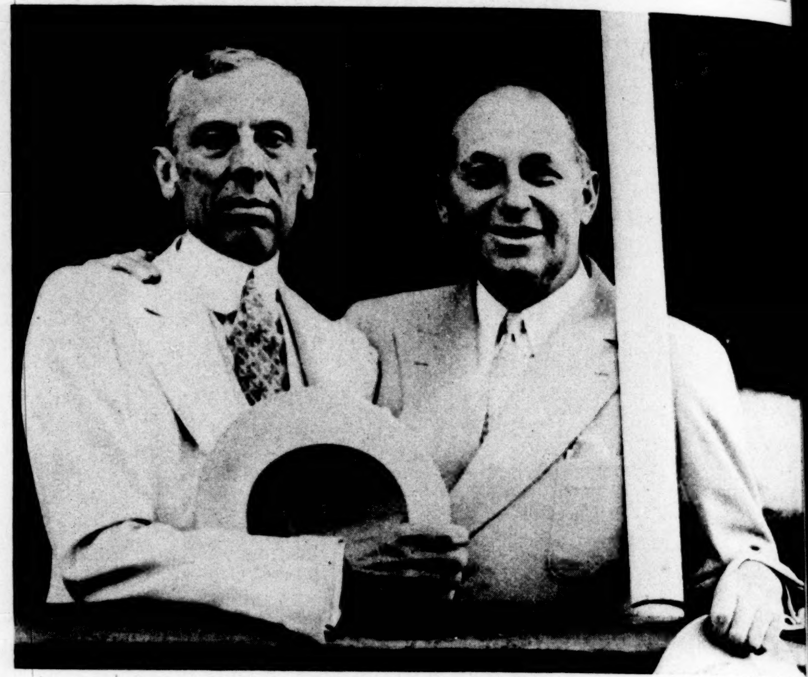
Retailing ►

A. & P. Sales Up Since September

AT the request of the Department of Commerce, seeking business tonics wherever it can find them, the Great Atlantic & Pacific Tea Company has thrown overboard a policy of several years' standing to make public details on the sales growth of its country-wide list of 15,000 stores in the 5-month period ending with January.

There has been a sharp advance in A. & P. sales since last September with less than 1% addition to the 1928 stores.

September business showed an advance of 8½% over that of the previous September. October and November ran 13% ahead of the corresponding months of 1928. December's gain jumped to 16½% and January's registered another 13% gain over the comparable month a year ago. Since September, A. & P.'s average weekly sales have been over $20,000,000.



Wide World

FRATERNIZING?
Alfred P. Sloane, Jr., president of General Motors, and Walter P. Chrysler, his guest on the West Indies cruise of the new Sloane yacht "Rene"

Finance ►

Chicago Stock and Bond Sales Ahead of 1929

COMPARISON of 1930's stock and bond sales to date with those recorded up to the same date a year ago shows Chicago's exchanges alone registering a gain in both stock and bond transactions. As compared with last year's stock totals for the same period, the Chicago Exchange is 6% up. Chicago's bond sales, though small, are running 5 times what they were a year ago.

On the other hand, stock sales on the New York Exchange are down to 72% of the 1929 standing at this time, those on the Curb down to 50%. Wall Street's bond sales total just about what they did a year ago.

Shrinkage on Coast

The Pacific Coast also reports a general shrinkage in stock sales—the San Francisco Exchange to 80% of 1929's showing, its Curb to 36%, Los Angeles' Exchange to 41% of the record a year ago and its Curb to 19%. But the Coast can show heavier bond sales than at this time in 1929.

Regional financing of Middle Western business and industry appears to have been encouraged somewhat by the New York débâcle. By holding its own, the Chicago Exchange gains relatively.

Ticker service from Chicago is now provided in 32 cities, 30 having been added since June, 1928. Of these, 6 are tickers installed since the crash: Boston, Philadelphia, Washington, Madison, Racine, Aurora. Within 90 days, service will be extended to the Far West: Denver, Salt Lake City and the main coast cities.

Seats Up Since Crash

Twenty-one important brokerage houses in other cities have purchased Chicago Exchange seats since September, about three-quarters since the crash. Seats which sold for $50,000 in September, but fell to $24,000 in November, are now back to $32,000.

"New listings since the crash have been more than we anticipated," an official comments. Marshall Field and Greyhound are two of the best known securities added. Of 550 listed, 300 are active.

R. Arthur Wood, president of the Exchange, is an optimistic individual. He has two sons, one 17, one 15 years old. "By the time my sons are old enough to be Exchange members [21 years]," Mr. Wood remarks, "seats will be selling for a quarter of a million each." Such a rise would be less than that which has already occurred.

Exports ►

New Foreign Bond Issues May Revive Export Trade

THE decline of 17% in our exports in the first two months of the year has brought the current foreign trade situation sharply home to American business. The fact is that exports have declined regularly and sizeably each month since October 1929; more recently, has come a slump in imports, as well.

The drop in imports is more easily understandable than the decrease in exports. The business recession has curtailed buying power. Many purchases that might have been made in recent weeks were put through in 1929 so as to get in ahead of anticipated tariff increases. And the general decrease in commodity prices has meant a lower dollar value for whatever quantity of imports.

Why Exports Are Slower

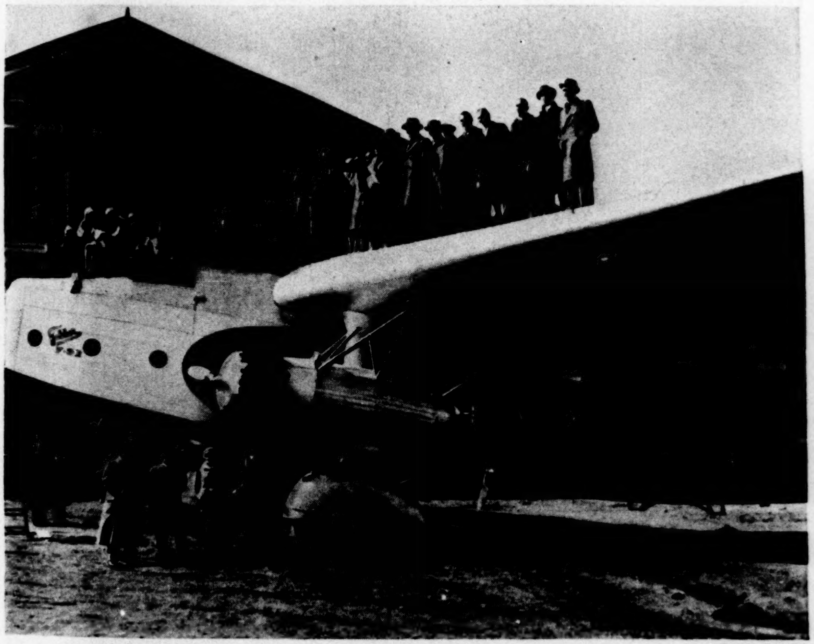
Just as the slump here has curtailed imports, recession abroad has resulted in a reduction in exports. But there are contributory causes for the falling off of our export business.

One may be found in stoppage of the flow of American capital to other nations which took place in 1929. Since the war, most of the other nations of the world have been supplied with capital for development—and, consequently, for the imports required in such development—by the United States and Great Britain. But, in 1929, the United States quit long-term lending abroad and actually began to import short-term capital. The resultant shortages in the funds needed to carry on development programs played a large part in bringing about the present let-down all over the world.

Difficulties in Financing

Other factors enter into the situation. In Latin America, the chief trouble is a commodity price decline brought on by overproduction; but decreased purchasing power and financing difficulties come into the picture. The decline in silver hurts trade in the Orient. The cry of shortage of long-term capital echoes from almost every corner of Europe, even while short-term rates are falling rapidly.

Capital must be exported. That may not solve the entire problem, but it will go a long way. The export must be outright to be of maximum help. Establishment of branch factories abroad is one method of capital export that does some good, and there are other ways. But direct export of capital itself is required to aid American export trade, for sales of merchandise abroad seem to go hand-in-hand with the placing of long-term capital abroad.



Wide World

LARGEST BUILT IN AMERICA

The Fokker "F-32," newest addition to the Western Air Express fleet, was christened last week at the Teterboro airport in New Jersey. Wingspan, 99 feet —Caproni (Italian plane) is largest in the world with 160 feet.

Capital Begins to Move Overseas

Already conditions are becoming more favorable for a move in this direction. The bond market, long so weak, is experiencing a real rally under the stimulus of easier money. And recent sales of issues by the Royal Dutch, Rhine-Westphalia Electric Power Corporation, City of Sydney, City of Helsingfors, and others indicate that capital is once more going overseas.

Short-term funds have been likewise outward bound since the decline of rates to subnormal levels has made it unprofitable to invest funds in short-term obligations here. This movement has already forced foreign exchanges far up, whereas, but a few weeks ago, they were so low that gold imports appeared probable.

Reparation Bond Issue in April

The forthcoming reparation bond flotation is generally looked to as the first big outward surge of capital. An issue of some $200 millions of consolidated unpostponable reparation annuity bonds are due as soon as the Bank for International Settlements opens for business about the middle of April. With it, will probably come a call for $100 millions for Germany. A considerable part of the issue will be sold in the United States.

Washington will raise little objection to this financing, THE BUSINESS WEEK has been told. Its importance is too obvious; its New York backing too impressive. And Washington wants to see business improve—which means, among other things, that exports must not drop off too badly.

Foreign Bonds Increase

But, however needful, export of capital through flotation of foreign bond issues is not going to be an easy matter. The very depression existing in many lands makes for instability, and any concern which shows signs of depression has a hard time selling its bonds. Already many investors have had their fingers burned on foreign bonds. Many foreign issues of recent years are selling at huge discounts at the present time.

That the difficulties are not insuperable is shown by the appearance of foreign issues in increasing numbers in recent weeks. More are coming as they prove their value. Furthermore, signs of business improvement, already apparent, are strengthening the market. A big problem now will be to prevent its being overloaded.

Textiles ► Cooperative Action Cuts Cotton Hours and Output

THE cotton textile industry is not straining itself to expand operations, and is probably excused from this kind of participation in the President's efforts to restore business prosperity. It is trying, instead, to curtail production by voluntary cooperative effort, and appears to be having some success. At a meeting in New Bedford this week George A. Sloan, president of the Cotton Textile Institute, explained to the cotton men present what the industry had already done in that line. They were interested and seemed inclined to support the idea.

About 6 weeks ago a movement was started to hold the active operation of all cotton mills to not more than 55 hours for the day-shift and 50 hours for the night-shift, or 105 hours per week in all, including over-time. The institute is behind the plan and has been promoting it among cotton manufacturers South and North. Already, mills with an aggregate equipment of 345,000 looms and 14,370,000 spindles have definitely endorsed the movement and undertaken to keep the schedule. This covers more than 50% of the entire cotton manufacturing industry. There are additions to the list each week and it is expected that soon nearly every mill will have subscribed to the policy.

Institute Draws Members

One result of the movement has been a greater interest in the Cotton Textile Institute. New memberships in the institute since January 1 include 34 mills with a total capacity of over 600,000 spindles.

The effects of closer cooperation of this kind in the textile industry are reflected to some degree in the figures of cotton manufacturing and sales during the first two months of this year. The daily average raw cotton consumption during January and February is the lowest for any period since 1924. February consumption was less than January. There is little indication of over-production throughout the industry. In the face of reduced demand most of the mills have cut production, and stocks have diminished since the beginning of the year. In general, the inventories of cotton goods in distributing channels are lower than ever before for this season. Figures of the New York Association of Cotton Textile Merchants show that production of standard cotton cloths was substantially less than in the two preceding years during February. Sales and shipments were also less, but there was a somewhat better balance of production and shipments in that month, the latter amounting to 102.9% of production. Sales were 91.4% of production and stocks decreased 1.7% during the month.

Textiles ► Industry Watches Berkshire Merger

THE merger bug nibbles at the textile industry again. Berkshire Fine Spinning Associates, Inc., is winding up negotiations for taking over Parker Mills and King Philip Mills. With these two acquisitions Berkshire, already one of the largest fine cotton enterprises, would become the largest, controlling 868,000 spindles, 20,000 looms. Amoskeag has 688,000 spindles; Manville-Jenckes, 567,000; Pacific Mills, 553,000.

The industry looks with favor on this step. Gradual elimination of small, family-owned textile plants and growth of large, stable, independent organizations are thought to be major steps needed in rehabilitating the industry. Vertical mergers, to bring more of the operations between raw materials and finished product under unified control, are preferred.

Rumors persist also of Berkshire ambitions to extend control over Lincoln Manufacturing Co. and Davis Mills. Control of these would give Berkshire 1,147,000 spindles and 25,700 looms.

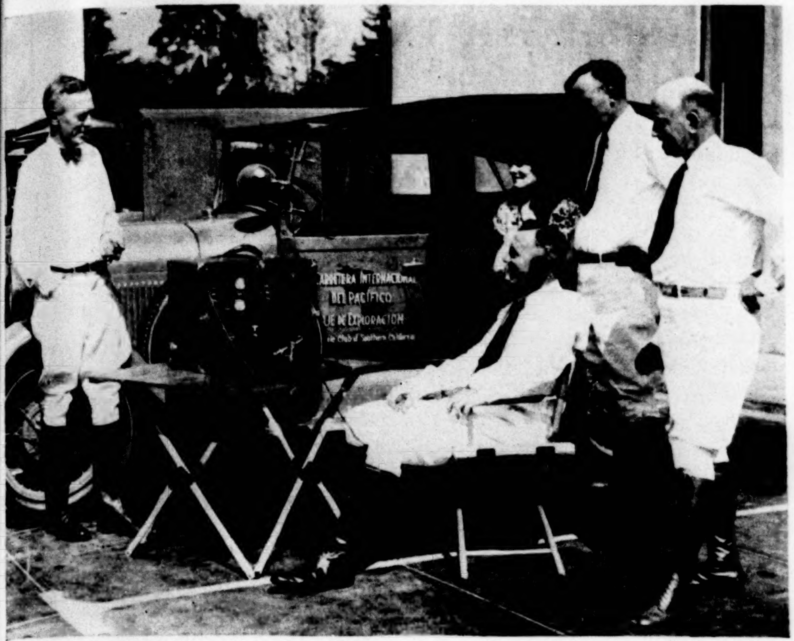
The Berkshire organization was formed last year to consolidate Berkshire Cotton Co., Valley Falls Co., Greylock Mills, Fort Dummer Mills, with plants operating 515,000 spindles, 11,000 looms, in seven Berkshire hills towns. Products are high-grade fine cotton goods.

Proposal for purchase of Parker Mills has been accepted by the Parker directors. About 90% of stock was deposited in favor of the sale but insufficient bonds postponed completion of sale in February. The company faces refinancing soon unless the sale is completed so early favorable action is expected.

Wide World

9,940,000 POUNDS

That was the pressure required to buckle this huge steel girder in a test at the Bureau of Standards. Dr. George K. Burgess, director of the Bureau, explains the damage to Representative Sol Bloom of New York



Pacific & Atlantic

PATHFINDERS

Nine men in 3 trucks and 2 touring cars have left Los Angeles to blaze and mark a part of the proposed highway from Vancouver to Buenos Aires. They will keep in touch by radio with the Automobile Club of Southern California, which sponsored the expedition

Immigration ► Farmers Cancel Canada's Bid for Settlers

CANADA is going out of the business of assisted immigration. Henceforth, no inducements will be offered to attract people to the Dominions and those who desire to come will have to pay their own way. The European immigration offices of the federal government are to do no more than fill the immigration orders of the provinces, leaving the latter to determine their individual quotas on the basis of occupational requirements. Agreements between the government and the transportation companies, acting as immigration agencies, are to be cancelled. No one who can qualify for Canadian citizenship is to be barred, but the policy of combing the highways and byways of the Old World for Canadian settlers is being abandoned.

This course has been decided upon in response to the aggressive campaign against assisted immigration carried on by agricultural organizations and farmer members of Parliament during the last two or three years. Western farmers have based their objections on the claim that increased agricultural production by an increase in immigrant farmers must lower prices; add that people who haven't sufficient initiative to find the means of coming to Canada would not be likely to make good citizens if they came at the country's expense.

The new policy announced at Ottawa appears to mark the end of Canada's era of intensive immigration. Before the war, immigration reached its peak at about 400,000 a year. Since the war it has been around 160,000. A few years ago various interests in the country were demanding increased immigration as a means of easing the burden of the war debt, but with the ascendancy of the West in the councils of the country, this idea has been nullified. Under the new policy, control of volume of immigration practically passes to the provinces.

Distribution ► To Study Europe's Large Stores

A SUMMER travel course (July 2 to Aug. 22) to study European department stores is being sponsored by the Research Bureau for Retail Training, University of Pittsburgh, under the leadership of Prof. Gordon Grant, who will conduct preparatory lectures during the ocean trip. Itinerary includes Hamburg, Stockholm, Berlin, Prague, Vienna, Munich, Paris, and London.

Utilities ► Liquid Gas to Go Beyond Pipelines

NATURAL gas soon will be liquefied at the oil fields, transported in tank cars or tank trucks to Pacific Coast Communities unsupplied with either natural or artificial gas, volatilized by the addition of air, and delivered through regular distribution mains to industrial and domestic consumers.

This new method of distribution is made possible by a new form of liquid gas developed by the Standard Oil Company of California. Heretofore, liquid gas has been too light for tank car distribution, and its small containers have made it expensive. Consumers have also had trouble with appliances burning it. The new fuel is heavier, gives a hotter flame, and can be furnished more cheaply than any fuel now available in many communities.

Distribution will be handled by Pacific Public Service Company, a Standard subsidiary, through three of its own subsidiaries, Natural Gas Corporation of California, Natural Gas Corporation of Oregon, and Natural Gas Corporation of Washington. Thebo, Starr, & Anderson, engineering concern from which Pacific Public Service acquired these companies, will have charge of storage tank and gas main construction in communities taking the new service. The plan will furnish many small towns with gas through main distribution until their growth warrants the building of pipelines from the oil fields.

Standard officials believe that the fuel also has important possibilities in industry. Its much lower cost will enable it to replace acetylene for cutting and welding processes. Industries requiring unusually hot temperatures or a very pure fuel may use it instead of ordinary natural gas.

Utilities ► More Pipe Lines For Northwest's Gas

THE Minnesota Northern Power Co. of Minneapolis has signed a $4,000,000 contract for construction of two natural gas pipe lines from the Baker field in eastern Montana. One will extend 90 miles to Williston, N. D., and the other, 220 miles long, to Bismarck and Mandan. Eventually the line will be extended across North Dakota to Fargo. A permit for construction of the Fargo line already has been granted by the state of North Dakota. Construction of the Williston and Bismarck lines will begin in April and 3,500 men will be employed on the work.

Agriculture ►

Farm Board Plans Use For Grape Surplus

FORMATION of a new cooperative, purchase of an estimated surplus crop of 300,000 tons, and re-financing of the Sun-Maid Raisin Growers' Association are the principal parts of the Federal Farm Board's program for rehabilitation of the California grape industry, as announced by C. C. Teague.

The new cooperative will be known as the California Grape Control Board and will consist of 17 members; 8 from Sun-Maid Raisin Growers' Association Exchange and the California Vineyardists' Association together, 2 from Fruit Industries, Inc., and a chairman to be named by the Farm Board.

Fee is $1.50 a Ton

The Grape Control Board will have power to collect a fee of $1.50 a fresh ton on grapes grown and to use the accumulated funds for the purchase of surplus grapes. Grapes would be purchased when and wherever they were found to interfere with market conditions. If markets for those purchased were found later the grapes would be sold; otherwise they would be disposed of in any way that would return salvage.

The firms comprising Fruit Industries, Inc., the $30,000,000 merger of grape and by-product firms reported in September, 1929, will deed their plants to the corporation and this body will, in turn, mortgage the plants to the Farm Board as security for a loan of $1,500,000 to be used in expanding the capacity of the plants, so that eventually it is hoped that they will be able to absorb the entire surplus.

Some Day To Own Plants

When the fund raised by the $1.50 per ton assessment is not required for the purchase of surplus grapes it may be used to retire the loan from the Farm Board or to purchase stock in the by-product company. In this way, the by-product plants will ultimately be owned by the grape industry.

The plan for the re-financing of the Sun-Maid Raisin Growers has been completed. The bonds of the cooperative, $4,600,000 par value, have been purchased at 90, or $4,000,000, and are to be refunded over a 20-year period at 3⅝% interest per annum. Adoption of the plan is contingent upon 85% to growers participating. At the Fresno meeting a committee of 50 headed by Wylie M. Giffen, Mendota, Calif., was organized which hopes to get 85% to sign up.

One of the first things to happen after the Farm Board took a hand in the affairs of Sun-Maid was the announcement of drastic price-cut in the price of raisins, abandonment of district distribution offices, and cancellation of advertising contracts said to aggregate $750,000.

Chemical ►

DuPont Merger Narrows Field

DESPITE the present important position in the chemical industry of E. I. duPont de Nemours & Co. its field of usefulness will be widened considerably by acquisition of the $13 million Roessler & Hasslacher Chemical Co., for which negotiations were completed this week.

The R. & H. Chemical Co. is one of the largest independent chemical concerns—i. e. outside duPont, Allied Chemical & Dye or Union Carbide & Carbon—and manufactures nearly the entire range of chemical products in its plants at Niagara Falls and Perth Amboy, N. J.

The three leaders of the industry have total assets amounting to some $600 millions and they represent over 60% of the total capital invested in the industry. Allied Chemical & Dye Corporation has been the largest by a small margin but, with its latest acquisition, duPont may step out in front.

The chemical industry is very highly integrated. Besides the three leaders there are five other companies which, together, contribute about 13.5% of the industry's capital; after these come some 40 smaller companies with 27% of the total. Each of the three leaders is a tremendous vertical and horizontal organization, expanded since the war to cover the entire industry.

Interestingly enough, however, there is relatively little overlapping in the fields of the three companies. DuPont is primarily interested in cellulose and nitrocellulose products. Allied Chemical & Dye concerns itself with heavy chemicals, alkalis and coal tar products which, in general, are the raw materials on which the chemical industry has been built. Union Carbide & Carbon Co. specializes in electrochemical and metallurgial products, carbon, compressed gases and welding equipment and chemicals from natural gases.

Other members of the industry usually confine themselves to a single line of products such as alkalis, sulphur products, explosives, etc. These independent companies, while smaller and limited in scope in comparison with the big three, are usually large, well-managed organizations.

International Newsreel

NO CHEWING GUM

***Instead, railroad tickets** come out of **this machine. It's one** of the new automatic **ticket-sellers** recently installed **in the Tokio** stations*

Production ►

Fire Opening Gun In Waste Campaign

AGAIN in 1930, the American Society of Mechanical Engineers and American Management Association are leading an April campaign against waste in industry. During the month, all business men are asked to give special attention to reduction of waste which, despite years of effort, still reaches stupendous proportions.

But striking examples of savings are reported. By organized waste elimination campaigns Westinghouse Electric & Manufacturing Co. has saved $50,000 annually; Newport News Shipbuilding & Dry Dock Co., over $250,000; Oakland Motor Car Co., $540,000 in its first year's campaign, with ideas for future application estimated to bring the total savings up to $1,000,000. Subsidiary plants of United States Steel Corp. have made important savings, including 2,000 tons annually of saw chips, $5,000 in blowing engine labor, $3,500 in ore sampling costs, $8,250 in limestone rescreening, etc.

Not only can tangible dollars-and-cents savings be obtained from a campaign to eliminate waste but other advantages, such as increased inquiry, carefulness, efficiency and loyalty from the workers, are likely to be even more important to the welfare of the company. There are many ways in which waste elimination campaigns can be conducted successfully. Further information concerning them can be obtained from Elimination of Waste Committee, 29 West 39th St., New York.

Steel ► Eaton Gains In Youngstown Fight

THE Youngstown battle of proxies still rages fiercely. Bethlehem reinforcements, notably Charles M. Schwab, arrived there Wednesday to assist in holding the fort against the assaults of the Eaton interests. At the moment it looks as if opponents to the proposed merger with Bethlehem have the edge, but the end is not yet.

The Eaton interests scored heavily by having withdrawn from the final vote 125,000 shares of Sheet & Tube stock held jointly by Cyrus Eaton and Samuel Mather, on opposite sides of the controversy. Opponents of the merger now need control only 275,000 shares of the total 1,200,000 in order to block the Bethlehem offer.

Eaton suggested Sheet & Tube could absorb Inland Steel—an Eaton company—and Corrigan-McKinney Steel Co. which Eaton interests purchased last week. Eaton has also stated that Sheet & Tube could use the Johnson process for electrically welding pipes, owned by Eaton's Republic, one of its most valuable properties.

A special meeting of Sheet & Tube directors was held Tuesday. Eaton's request to have Bethlehem books audited by his own auditors was refused.

Considerable local opposition to the merger has been raised. With but one dissenting vote Youngstown City Council passed a resolution condemning it. A county commissioner also went on record in opposition.

Steel ► Three Widows Sell Plant To Mather, Eaton's Ally

WILLIAM GWINN MATHER from his hotel in New York called his banker friend Joseph R. Nutt in Cleveland, and another of the unattached principalities of the steel industry was drawn into an imperial sphere of influence.

The Cleveland-Cliffs Iron Co., the patrimony of the Mathers, bought on three days' notice the interest of Mrs. James W. Corrigan of Mayfair and Paris in the Corrigan-McKinney Steel Co., in Cleveland, and enough more to have control. Corrigan-McKinney is a million-ton mill which the late Corrigan's father and his secretary and associate, Price McKinney, built up piece by piece from a northern ore business dating back to the days of the Merritt brothers and John D. Rockefeller. The original capital of $250,000 never changed, while the business grew to a worth of $65,000,000.

The elder Corrigan died; McKinney committed suicide; the junior Corrigan dropped dead; and three widows owned the property. Eaton-Mather consolidations in the Massillon and Canton districts deprived the mill of part of its sheet bar market, and the company thereupon built its own merchant bar mill. Establishing for the first time a Cleveland base on bars, it put new punch in the northern Ohio bolt and nut business, but remained an uncertain factor in the grand strategy of independent combination. Last fall it bought the N. & G. Taylor tinplate plant in Cumberland, Md.

For a time, U. S. Steel was believed to be eyeing the Corrigan mill, but the American Steel & Wire Co. recently decided instead to enlarge its carbon bar capacity. Just across the street from the Corrigan plant stands the superior finishing capacity of the Otis Steel Co. An alliance would be mechanically logical if the banking connections could be brought to similar agreement.

Cleveland-Cliffs is controlled by the young Cliffs Corporation, exactly half of the securities of which are held by Cyrus S. Eaton and associates, the other exact half by the old Cleveland-Cliffs stockholders. Years ago the company was the Cleveland Iron Mining Co., founded by Samuel Livingston Mather, father of W. G. Mather of Cleveland-Cliffs and Samuel Mather of Pickands, Mather & Co. It is supposed to have about two-thirds of the Marquette ore range in the Lake Superior country, be-

Pacific & Atlantic

THEY SELL WOOL

A large part of the nation's crop will pass through the hands of the Farm Board's National Wool Marketing Corporation. Its officers are, left to right, L. B. Palmer, president; Byron Wilson, secretary; Roger Gillis, vice-president sides important holdings elsewhere. On the formation of the Cliffs Corporation, prior to the Corrigan acquisition, the company was stated officially to be second in the United States in ore holdings; U. S. Steel first. The Corrigan ore on the Mesaba, Gogebic and Menominee ranges further increases the Cliffs resources.

Eaton's Republic already has in Cleveland the Bourne-Fuller mill, and the Corrigan plant is now in cordial hands. The announcement is made that the purchase of the Corrigan plant has no relation to any projects or mergers in the industry which are being discussed or advocated, but all the same there is only one remaining important steel works in the Lake Erie region which can now be acquired by any interest.

Railroads ► Minnesota Balks Rail-Truck Plan

THE Northern Pacific railroad has struck a snag in its project to utilize auxiliary motor truck lines to deliver freight in rural districts along its right of way (THE BUSINESS WEEK, March 5). The Minnesota Railroad and Warehouse Commission has just denied an application of the road for the establishment of three such lines.

Railroad attorneys contended that no state permit was necessary, inasmuch as the truck operations would be closely involved with those of the railway, and thus would actually be part of the steam service. But the commission, after a hearing, declared that the road made no showing that public necessity required the establishment of a common carrier motor vehicle service such as was proposed.

Shipping ► German Lines Pool, End 70-Year Rivalry

MORE than 70 years of transatlantic steamship rivalry came to an end this week with the pooling agreement between Germany's two largest shipping companies—North German Lloyd and Hapag (Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft). Including subsidiaries, this unites management of three-fourths of the German merchant marine, or nearly 3 million tons of a total of 4.2 million.

The agreement creates something of a transatlantic speed monopoly. From last July when the *Bremen* captured from the Cunarder *Mauretania* the record for an Atlantic crossing, the North German Lloyd has held the mythical blue ribbon. Now comes the new record of the *Europa* on her maiden voyage. With the reconditioned *Columbus*, this trio maintains the *de luxe* passenger express service of the Atlantic.

More Speed at Less Cost

"Twelve days from any Central European point" is the slogan of Hapag's transatlantic freight express. With four 21,000-ton ships of the *Albert Ballin* class, 8-day Hamburg to New York service is maintained—the Atlantic's fastest freight service.

Pooled operation has been discussed since 1926. Each line has been building at record speed to regain its full share of pre-war business, prestige, profit. Final agreement was speeded by the fear of ruinous competitive building. Now competitive sailings will be eliminated, new routes inaugurated with existing ships thus freed, and transatlantic service be divided more or less into fast *de luxe* passenger and fast freight service. Profits and expenses will be shared on a 50-50 basis. Consolidation of services and schedules is expected to effect annual savings of $5 million. Considered most important in Berlin is the fact that German shipping will now present a united front against rivals on the seas.

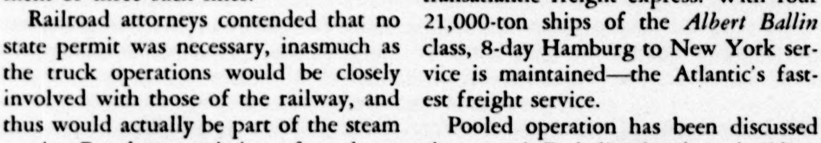
Shipping Statistics Compared

Shipping statistics changed significantly in this new lineup. Combined Lloyd-Hapag, operating respectively from Bremen and Hamburg, control directly 444 ships, with total tonnage of 2,446,750, total operating personnel exceeding 28,000. Larger is Lord Kylsant's Royal Mail Line, with 532 ships, 2,675,757 tons. Important also is the potent P. & O. (Peninsular & Oriental) owned by Lord Inchcape—437 ships, 2,492,018 tons.

Many of the Lloyd-Hapag's competitors are former Lloyd or Hapag boats consigned abroad at the Versailles conference. Former Hapag liners are the *Leviathan* (U. S. Lines), *Majestic* (White Star), and *Berengaria* (Cunard). Former Lloyd liners are the *Homeric* (White Star), and the *George Washington* (U. S. Lines).

First Hapag liner to cross to New York was the *Deutschland*, a full-rigged ship of 717 tons, which made the trip in 1848 in 40 days carrying 90 passengers. First steam vessels crossed in 1856 in 14 days. In 1914 the fleet included 194 ocean steamers and 245 smaller ships with a total tonnage of 1,360,360, operating over 74 routes and serving 400 world ports. At present there are 9 ships in the transatlantic service, a total of 139 steamers and 32 motor ships in world service, and 4,812 company offices.

Lloyd tonnage is 922,426 in 156 ships and a personnel of more than 10,000. Lloyd sent its first liner, the *Bremen*, across the Atlantic in 1858. Completing its return voyage in 12 days, 5 hours, it became the fastest ship afloat. The blue ribbon, lost to Britain in the 1870's, was captured again in 1881 when the *Elbe* introduced an 8-day crossing. The line was successful in maintaining its speed supremacy against Cunard from 1897 to 1907.



Wide World

FOUR SPEED TRANSMISSION

This oil locomotive, with a 5-ton gear box, has four speeds forward and four reverse. It was recently completed in Leeds, England, and is now on the way to Chile for use on the Junin Railway in that country

What the Figures Show

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	73	74	95
Building Contracts (F. W. Dodge, daily average in thousands, four weeks basis)	$18,672	$15,654	$18,081
Bituminous Coal (daily average, 1,000 tons)	*1,348	1,428	1,619
Petroleum (daily average, 1,000 bbls.)	2,536	2,583	2,656
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	147	146	160
Check Payments (outside N.Y. City, millions)	$ 5,875	$ 5,294	$ 6,799
Wheat Receipts (1,000 bushels)	4,074	5,276	6,332
Cotton Receipts (1,000 bales)	127	127	192
Cattle Receipts (1,000 head)	*142	‡169	161
Hog Receipts (1,000 head)	*432	‡499	521
Wool Receipts (1,000 lbs.)	3,001	1,384	4,320
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ .98	$ 1.00	$ 1.17
Cotton (middling, New York, lb.)	$ .156	$ .145	$ .212
Iron and Steel (composite, ton)	$34.85	$34.89	$36.57
Copper (electrolytic, lb.)	$ .178	$ .178	$ .194
All Commodities (Fisher's Index, 1926-100)	90.7	90.9	98.3
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,847	$16,704	$16,552
Commercial Loans, Federal Reserve member banks (millions)	$ 8,793	$ 8,821	$ 8,910
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,820	$ 3,841	$ 5,649
Federal Reserve System Ratio	81.8	82.5	71.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	23,424	20,435	26,096
Stock Prices (N. Y. Times, average 50 stocks)	$229.68	$226.34	$245.57
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$111,721	$74,964	$46,897
Bond Prices (Dow, Jones, average 40 bonds)	$ 95.84	$ 94.79	$ 94.64
Interest Rates—Call Loans (daily average)	3.0%	3.9%	8.4%
Interest Rates—Time Loans (daily average)	3¾-4%	4-4½%	8%
Business Failures (Dun, number)	558	560	438

*** Preliminary**
‡ Revised

THE week's indicators show only slight, if any, improvement, in contrast to strongly optimistic security markets. Definite recovery in building activity is the bright spot. A check to declining steel activity is encouraging, but still uncertain. Commodity prices are a bit stronger, but general trade indicators continue rather weak.

Steel mill operations ceased sliding downward and at best held their own, possibly preparing for a slow upturn; but the situation seems more confused and uncertain than in recent weeks. Authorities disagree. The regular trade figures show, and the *Iron Trade Review* reports, a slight further decline in the average from about 74% to 73% of capacity. *Iron Age* sees a slight upturn to around 76%. These averages compare with 95% a year ago. The two largest producers hold at slightly above 80%. The trend in independents is not so clear. Apparently improvement has been more sentimental than tangible so far, but a gradual upward trend under stimulus of spring demand is expected in the next few weeks. Seasonal demand influences are felt most in oil and gas pipe business, and in expanding highway construction activities. Miscellaneous sheet and light products demand is better but automotive demand shows little improvement. No marked gain in car output is expected until May. Structural steel awards are down again to 20,000 tons, smallest since the end of February; and railroad business is somewhat weaker. Shipbuilding is a strong factor. Prices continue to weaken and scrap shows less strength.

The recovery in building activity appears to be more definite. The four weeks' daily average of general building contract awards reached the highest for the year to date and for the first time was ahead of 1929, by about 3%. Dodge totals for the week of March 21 were 29% above the preceding week and 28% above 1929. This brings the average daily rate since the first of the year up to within 8% of the same period of 1929. Construction awards in the New York metropolitan district, generally regarded as a good forecaster, were 59% above 1929. Heavy construction activity, reflected in *Engineering News-Record* figures, was 47% above 1929 for the week ending March 24. The year to date cuts the deficit below 1929 to only 26%. The building season, backed by easier money, is clearly under way.

In other basic industries the trend is still downward. Coal production continues as usual to decline at this season, but the daily average is below 1929 and most preceding years. Petroleum production continues to fall off, and is far below a year ago; but the industry is not shedding any tears over this. Though reserves are being eaten into, crude and gasoline prices still remain somewhat unsteady.

The general commodity price situation on the whole is somewhat better. Consistent declines have practically ceased, and irregularity has set in. The wheat average for the week of March 21 declined below $1.00 for the first time this year, but prices have been steadier in more recent days under intermittent Farm Board support. Exports picked up rather sharply, but they will have to show a miraculous increase to cut down the carryover fast enough. The cotton average made a strong recovery to about the 15% level, due largely to covering by short interests. The March 1 cotton estimate of the New York Cotton Exchange shows more than a million bales supply in this country over a year ago. The iron and steel composite declined somewhat again. Copper remains unchanged despite slack domestic demand and continued predictions of a break.

The Fisher all-commodity index fell

somewhat further for the week, but the National Fertilizer Association index advanced slightly for the second consecutive week and for the first time in some months showed advances outnumbering declines. Advances were largely in sensitive commodities, indicating that a rally has perhaps begun in a number of important staples.

The general trade indicators continue to lag, with little strength. Total carloadings are still running at lower levels for the period than in any year since 1922. They are about 8% below 1929 and over 6% below 1928. Non-bulk loadings, like the total, showed an increase, as usual, for the week ending March 15—somewhat better than in the past two years—but are still running from 5% to 6% below 1929 and about 2% below 1928 levels.

Agricultural marketings are definitely at lower levels for the period than in 1929 and 1928 by from 10% to 30%, except in the case of cattle.

Money turnover as reflected in check payments showed an increase as usual for the week but is running below the last two years. For the 131 cities outside stock trading centers the deficit below 1929 has been increasing during the past four weeks.

Commercial loans of reporting member banks, instead of showing the sustained week to week increase usual at this season, decreased by $28 millions for the week and are $117 millions below last year. This is not an encouraging indication.

Business failures continue to run at a rate over 500 per week, considerably above last year's level. At the present rate the first quarter failures are likely to run about 13% above the same period in 1929 and 6% ahead of 1928.

One uncertain indication of trade conditions is the fact that newspaper advertising lineage for thirty cities in February was the lowest of any month since 1926. January was 7.6% below January, 1929 and February 8.2% below the February of the preceding year.

Money and the Market

THE market was strong through the week until toward the end, when it hesitated slightly. More powerful buying appeared this week than has been in evidence for some time. Money rates were readjusted from the precipitate decline of last week and a slightly firmer tone appeared.

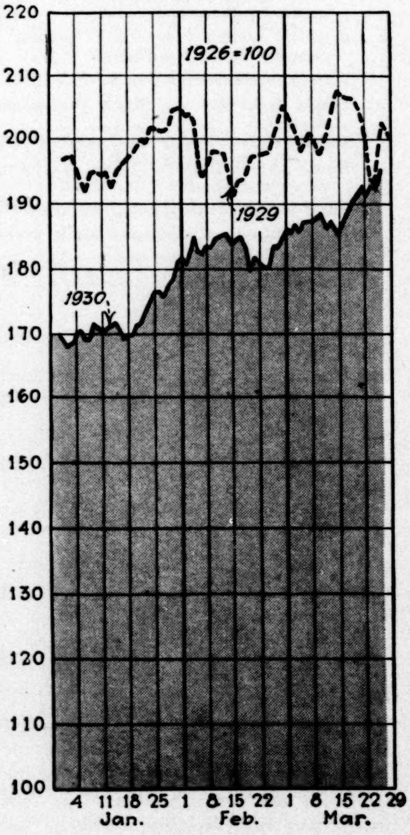
Nearly all market leaders rose to levels higher than any reached since last fall. The various averages, however made up, agree on the strength of this recovery. The week's performance was much like recent ones: stocks pushed ahead to new highs, then hesitated. But the decreases have regularly amounted to much less than the gains. The net result is a rising market.

Sales of stocks went above 5,000,000 shares on one day, highest since December. Some of the blocks of shares changing hands were much larger than anything shown on recent records, transactions of several thousands of shares at a time coming over the tape. The decrease of $21,000,000 in brokers' loans on a rising market gives added reason to believe that buying was of a more powerful nature than in past weeks. This decline in loans follows 4 consecutive weeks of increases netting $372,000,000. The ticker fell well behind the market on several occasions.

Trade news still shows dullness and tells of only a few cases of decided advance in activity. Railroad reports for February are disappointing. Steel halted its decline of several weeks, and was steady. Carloadings gained from the figure of a week ago but continue well under that of a year ago.

THE MARKET DAY BY DAY

(Standard Statistics Company's
Daily Stock Price Index)



Bonds generally lost a little ground. After an almost steady daily increase in price for the entire month of March, the upward movement stopped short. Rail issues, especially, were softer, possibly on the poor February showings of the roads. Slightly firmer money had some effect. The heavy volume of new bond issues undoubtedly is weighting the market to some extent.

Money in the open market was slightly firmer after last week's sharp drop. Call money ranged from 3½% to 4%. Acceptance rates were advanced twice, bringing the asking rate up to 2⅞%. Commercial paper was a bit easier. Otherwise, rates were unchanged. There is strong evidence that the ease of funds in the financial centers is gradually spreading out into other regions.

Member bank credit again increased. But, again, the movement was disappointingly not in commercial loans. These have decreased almost steadily from the first of the year, reflecting liquidation, slower business and slight demand. Bank investments increased. Security loans did likewise, as a result of last week's jump in brokers' loans.

Foreign exchanges advanced. Easy money here is leading foreigners to withdraw their funds to more profitable investments. This demand for exchanges of other countries sends rates upward. The discount rates are the same in New York and London, but open market rates here are less, and they, rather than the discount rates, are controlling.

The Canadian dollar moved up to par and then to a premium. It had been at a discount since 1928. Payments for wheat sales had an effect in this case. Continued strength in the exchanges might, of course, lead to a gold export, but it is too early yet to predict this. Movements in this week were negligible. The German Reichsbank cut its discount rate to 5½% from 6% following the general trend. Fall of the Mueller cabinet may temporarily cause unsettlement in financial centers abroad.

Federal Reserve credit rose about $40,000,000 from the abnormally low level it touched last week. Total now is $1,001,000,000. Discounts remained at the unusually low level of just above $200,000,000. Government security holdings decreased more than $30,000,000, but the acceptance portfolio showed an increase of more than twice this amount. The New York Reserve bank accounted for the entire increase in acceptances and more, holdings jumping to $105,750,000 from only $7,431,000 last week. Member bank reserve deposits increased.

Survey of Business by Federal Reserve Districts

(Cooperation of the Federal Reserve System, F. W. Dodge, and Dun's, enables THE BUSINESS WEEK to present this authoritative survey of business conditions. The table is for the month of February. Comparisons, in every case, are with the preceding month)

	General Business	Retail Trade	Building Contracts Let	Check Payments	Commercial Failures	Time Deposits	Commercial Loans	Commercial Loan Rates
Boston	Slightly better	Slower	Slightly better	Smaller	Sharp increase	Noticeably off	Slightly higher	Down ½%
New York	Some improvement	Notably smaller	Substantial increase	Well below	Fewer	Off	Down sharply	Considerably lower
Philadelphia	Irregular	Slow, but up a little	Marked decrease	Smaller	Fewer and smaller	Increased	Increased	No change
Cleveland	Slow	Slow, but slightly better	Slight increase	Sharply decreased	Decreased notably	Larger	Smaller	No change
Richmond	A bit better	Increased	Increased	Decreased	Sharp drop	Increased	Smaller	Down ¼%
Atlanta	Slow, but a little better	Better, but slow	Considerable decrease	Off	Fewer	Increased	Down considerably	Somewhat easier
Chicago	Slower	Slow, no change	Declined	Less	Fewer, but larger	Unchanged	Down	Slightly easier
St. Louis	Spotty	Slow, but improved	Increased 90%	Considerably smaller	Fewer, but twice as big	Unchanged	Unchanged	No change
Minneapolis	Distinctly better	Remarkable improvement	Increase of 25%	Daily average larger	Fewer and smaller	Increased	Smaller	Down ¼%
Kansas City	Somewhat better	Marked improvement	Increase of 20%	Smaller	Fewer, much smaller	Increased	Decreased	Unchanged
Dallas	Dull	Great improvement	Unchanged	Less	Fewer, but larger	Slight increase	Smaller	Down ½%
San Francisco	Slower	Unchanged, slow		Noticeably smaller	Fewer, smaller	Smaller	Smaller	Slightly easier

SPOTTINESS to be noted in the table continued into March. Some districts showed betterment on the basis of information which filters in. The movement can not be said to be general, however. Four definite facts stand out from preliminary reports:

First:—Money rates in most districts moved downward during March from the levels of February. Greatest ease centered in New York, and this crept out into most of the other districts.

Second:—Commercial loans continued downward in March in almost all districts, despite the fact that a seasonal upturn almost always takes place at this period.

Third:—Check payments show no great change. The volume of business does not show a great increase thus far.

Fourth:—Condition of time deposits, roughly comparable to savings, was spotty during March, with no trend established.

Cleveland and Minneapolis business appeared more active in March judged by commercial loans. Only in these two districts did business become sufficiently active during the first part of March to require increase in funds used. Interest rates eased in both districts during March. Time deposits were up in Cleveland, but were off a little in Minneapolis district according to early reports.

The South and Far West dulness was indicated by continued decrease in commercial loans. Continued or even decreasing activity let commercial loans by reporting member banks decrease even during a period when seasonally there should be an increase. For the early part of the month declines took place in the districts of New York, Richmond, Atlanta, Chicago, Kansas City, Dallas, and San Francisco. Little change was shown in New England, Philadelphia and St. Louis districts.

Money rates on business loans generally eased off ¼% to ½%. Contrary to trend, however, rates held steady during the first half of the month in Philadelphia, Atlanta, Kansas City, and San Francisco. Rates tend to hold even firmer on the Pacific Coast than elsewhere. "Reductions in rates not even considered up to present time, bank officials say," according to a wire to THE BUSINESS WEEK from San Francisco.

Discussion of money rates refers to short term funds—60-, 90- and 120-day loans by banks to business men. Long term money for construction and mortgage purposes is not covered by the discussion. Some easing in these funds is reported in most districts. Easing, however, generally means a slightly larger supply, rather than lower rates at the present stage.

A good many districts have been somewhat overbuilt, and investors generally are shy of mortgages. The cities of Chicago and Philadelphia are special cases of this kind. Ease in other fields of finance will, however, spread into this one.

Moderate Spring Revival Is Outlook for Key Industries

Second quarter promises to compare favorably with 1928 but to fall short of 1929 levels

A SURVEY by THE BUSINESS WEEK of key industries shows that, following a rise in January, there was a fairly general slackening in business beginning around the middle of February and extending into the first two weeks in March. This secondary recession began in the heavier industries and gradually extended to those closer to the consumer. It resulted from a tendency to overestimate current consumer demand early in the year.

In the past two weeks there has been some improvement in consumer demand in most lines with the opening of the spring season. This influence is beginning to spread back to the primary industries, and at the end of the first quarter of this year general business activity on the whole is probably back again to the levels reached in the January rise—or will be early in April. March as a whole will probably show very little improvement over February.

The outlook is for a moderate rise to a spring peak late in April or early in May. This seasonal stimulation will probably be less than usual and will be followed by further slackness during mid-summer. There may be a second low point for the year in July or August. At best it is unlikely that the general level of business activity will return to normal before late fall, or toward the end of the third quarter.

On the whole the second quarter now beginning should make a fair comparison with the corresponding period of 1928, though far below 1929.

Construction

Following a spurt at the beginning of January, building slumped sharply up to the last week of February, then began a sharp rise, somewhat earlier and faster than the usual seasonal upturn. At the end of the first quarter, construction activity is above 1929 levels. The pressure for speeding up public and utility construction is, at last, being felt. Heavy construction, 38% below last year in January and 47% below in February, regained the 1929 level for March. Under seasonal stimulus, building will probably run considerably above last year's levels during the next quarter. It may hold higher through the year. Postponement of projects in the past four months, larger public works budgets, lower material prices, abundant labor supply, and easier money rates are strongly favorable factors.

Power

Power production and demand have closely reflected changes in business activity during the first quarter. Following a slight pick-up during the last two weeks of January the tendency was downward up to the beginning of March. The first two weeks in March showed very little change. Since then there has been a definite upturn. Slackness in demand has been and still is marked in industrial areas serving the automobile industry; in iron and steel in western Pennsylvania and eastern Ohio; in bituminous coal mining and copper regions. For the country as a whole, electric output is above the corresponding period of last year, but by less than the normal growth. All indications are that power demand has passed its low point and is showing definite signs of recovery. Except for certain areas the outlook for the second quarter is good.

Coal

Bituminous coal production, demand, and prices in March were lower than in January, lower than last year, and than the average during preceding years. The decline in production has been practically continuous since the last week of January. This decline is a reflection chiefly of industrial recession, and recovery depends upon the trend of business conditions in the next half-year.

Chemicals

The latter part of January showed a sharp drop in production because of the tendency to outrun market demand. In February there was an increase of 2% or 3%, due largely to the increased sale of fertilizer and some recovery in other consuming industries. The first two weeks of March barely held their own, but the last half of the month saw substantial revival, which will probably bring the average 1% or 2% above February. The first quarter as a whole was considerably under 1929 but substantially above 1928.

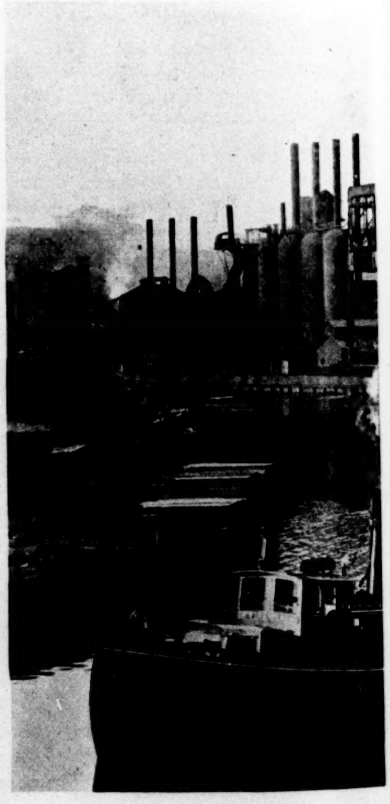
The second quarter will show slight improvement under seasonal stimulus but is not expected to equal the corresponding quarter of 1929. Return to normal levels of 1927 and 1928 will depend upon activity in automobiles and construction during the summer, but the latter part of the third quarter is expected to show fairly normal conditions.

Non-Ferrous Metals

Activity in the first quarter was more slack than anticipated. Production had to be readjusted to consumption requirements due to slack domestic demand and unfavorable European business conditions. Consumers are cautious and a feeling of uncertainty prevails throughout the industry. Present activity is about 15% to 20% under the 1929 average. Production is well controlled and surplus stocks in hands of distributors are gradually being reduced. The outlook is slowly improving. Business is now not far below normal levels, but there is no expectation of reaching 1929 levels this year.

Steel

After being pushed up to 85% of capacity in the middle of February, steel activity has dropped to about 75%. The immediate outlook is uncertain. March or April is usually the peak month for the first half of the year. It is now doubtful whether the February levels will be exceeded or equalled during the first half, or that any second peak will occur



until the third quarter. The downward trend of demand has been halted but there is no broad upturn as yet in sight. Prices have weakened. Rail mills are most active. Railway equipment business is light, but present orders are expected to keep mills busy through the second quarter. Structural steel demand is on the upgrade as heavy construction operations increase. Demand for light steel products is weak, chiefly because of hesitancy in automobiles. Spring stimulation of automobile sales is expected to bring some improvement.

On the whole, steel activity does not compare unfavorably with years before 1929 and a definite upturn, approaching normal levels, is expected in the third quarter.

Machinery

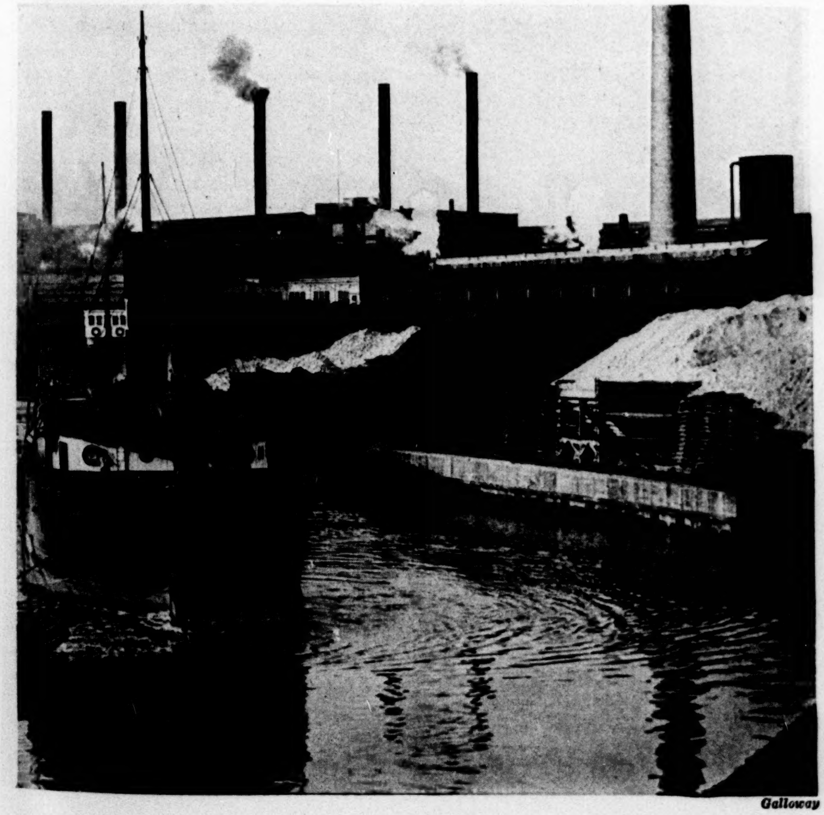
The trend of machinery and machine tool orders is still pointing downward, but the rate of decline is smaller. New orders for machine tools were somewhat lower in February than in January. Shipments increased and unfilled orders declined. The middle-sized companies made the best showing in new orders and the largest companies the poorest. There was some improvement in March and further improvement is expected in the next quarter, but the machinery market is quiet and early return to normal levels is not expected until the third quarter at best.

Automobiles

Automobile production is showing about the normal seasonal increase, but from a considerably lower level. Activity is much under 1928 and 1929, but about the same as in the corresponding period of 1927. Consumer demand is slow and prices unsteady. Used cars are now moving more rapidly than new ones. Exports are not well sustained because of unfavorable business conditions abroad. The second quarter is normally the largest of the year and will probably be so this year; but return to 1929 levels is not expected. The present rate of output, with the usual seasonal fluctuations, will give the expected production of about 4,600,000 cars for the entire year.

Textiles

Productive activity in most branches of textiles shows little change from January, and is well below a year ago. Demand is somewhat better than in January. Cotton piecegoods have shown a decided improvement during the last two weeks. Wool goods are more active, but not to the extent expected at this season. In all branches demand is below a year ago. Prices are lower than in January, due to declines in raw materials, but have improved somewhat from the extreme low points of February and early March. Unstable raw material prices, price cutting by manufacturers, increased competition, unfavorable spread between raw material and goods prices, and uncertainty in the business situation are the main retarding factors. Continued curtailment of production through closer cooperation in the industry is bringing better balance. Opinion is that the bottom has been reached and the next quarter will show improvement. Excess capacity will continue to retard return to normal levels, but fundamental progress is being made along educational lines, particularly regarding control of production. The tendency toward mergers is increasing and there is aggressive effort to find new and expanded outlets. This year is expected to be a turning point for the industry.



Galloway

Electrical Appliances

Production and market demand at the end of March were considerably better than in January. Prices are stable. March business in washing machines and vacuum cleaners will be about the same as a year ago. Electric refrigerator sales are above last year by about 10% to 15%.

The next quarter is the busy season and the trade is active and optimistic. Normal levels in most lines will be recovered within the next three months.

Electric Railways

A sharp decline in electric railway passenger traffic since the first of the year reflects unfavorable employment conditions. Railways all over the country report that unemployment is serious and has adversely affected traffic. February traffic was slightly more than 5% below a year ago. March is expected to show an 8% or 9% decrease. This decline is nearly twice as large as the decrease which occurred in 1921. There has been some curtailment in service to offset loss in traffic, but electric railways are proceeding with their original plans for extension and betterment of maintenance. No material improvement in electric railway traffic is expected during the next quarter, and normal levels will probably not be regained before fall.

Aircraft

The situation is little changed from that of January as regards production and market demand. Market demand has declined to the saturation point. Price cutting is drastic and general. No special change is expected in the next quarter. Production and sales will be less this year than last due to the great carryover from 1928, but a total value of business done will probably be higher than 1929 because of increase in sales of high-priced transport planes.

Census of Jobless Begins Full of Human Feeling

Cold-looking blanks really built with skill, insight, and sympathy

WHEN the Census enumerators start ringing the doorbells of the 122 million people in the United States on April 1 and begin asking their questions about Papa and Mamma and the children and the radio and the car and practically everything except the cat and the dog, they will probably get a good many playful answers in celebration of the day on which the Census chose to commence its prodigious human inventory of a nation. Among the questions they will ask, however, there is one which will probably not lend itself to much April Fooling. That question is "Have you a job?".

This year, for the fifth time, the United States is taking a census of unemployment. Others were taken in 1880, 1890, 1900, and 1910, but the results of the first and last were never published. This one will be frankly only a snapshot, a brief glance into all the homes of the nation to see not only what the working population is doing but what it isn't doing. Previous censuses have told us a lot about the occupation of our people; this one is intended to tell us something about their idleness.

A Depression Test

From one point of view it comes at an unfortunate time. When it was planned, few expected that we should be making a test of unemployment when there is such a lot of it to test. The results may be discounted on that score; but from another point of view we are lucky to have the opportunity to find out how much unemployment there really is in a typical business depression, when heretofore we have had only guesses, often made with more zeal and indignation than care.

This census of unemployment may be important for another reason. If it affords a good basis for judgment about the extent of idleness at this time, we ought to be able to use it as a starting point henceforth from which to check up periodically on the extent of unemployment in the future, by sample surveys made in well-chosen representative districts. It is not easy to see how this may be done, but probably something of the sort could be carried on, without the regular census machinery, by local agencies following the procedure used in the present nation-wide census. If it can be done it may obviate or postpone the necessity for a system of Federal employment bureaus.

Finding out what 122 million people are not doing is a difficult and ticklish job, requiring a great deal of discretion and good judgment on the part of enumerators and subject to the chance of a great deal of error and misinterpretation. How reliable are the results likely to be, so far as one can judge in advance by the kind of questions that are to be asked?

THE BUSINESS WEEK has examined the unemployment schedule to be used and the instructions and exercises which have been given to the enumerators who are to fill it out. Anyone who has an interest in the human side of census taking should have a look at it.

Those who prepared it obviously have realized clearly the difficulties involved and have exhibited not only a great deal of care but an unusual amount of human insight and imagination in its construction. They have not been content merely to set down a number of bare questions between ruled lines, leaving it to the enumerators and Jake Hefty to decide what he should say about his employment situation; they have created a series of sixteen fictitious but quite real characters, including not only Jake, but Tony Valentino, Jeanne Marot, and Jimmy Walker and Mary Ross and other typical cases, whose lives are graphically described in a corresponding series of narratives for purposes of illustration, to guide the enumerators in reporting upon them.

Herbert

"DID YOU WORK YESTERDAY?"

These narratives, constructed in the scientific atmosphere of the Census Bureau, have all of the lively human interest of *True Story Magazine*, and only when the enumerator has been able to curb the laughter and the tears they evoke, and separate and set down the bare facts behind them on his census blank, has he been considered qualified for a job.

What About Jake Hefty?

Jake Hefty, for example, who is enumerated on sheet 3, line 97 of the population schedule as a human being in the United States, is a farm laborer, age 64. He was employed last year by Sam Klassi for nine months, ending November 1. Since that time he has done chores for his board and lodging. He has had little encouragement in seeking a job for 1930. Farmers, when approached, respond that he is too old. However, he worked four days last week, plowing. Farm hours for Jake have been from sun to sun, with Sunday free save for morning and evening chores. So Jake goes on the unemployment schedule as "a person who usually works at a gainful occupation but did not work yesterday."

In the column headed "Does this person usually work at a gainful occupation?" the answer is "yes." In the next column, headed "Does this person have a job of any kind?" the answer is "no." "Is he able to work?"—"yes." "Is he looking for a job?"—"yes." "For how many weeks has he been without a job?" —"22." "Reason for being out of a job or for losing his last job?"—the brief and pathetic note, "off season."

So for them all, Tony and Jeanne and Mary and Jimmy, the census man will list them "if they usually work at a gainful occupation but did not work yesterday or on the last regular working day." If they have a job, he will find out how many weeks since they last worked on it, why they were not at work yesterday, do

This newspaper advertisement has interested so many people in THE SHAW-WALKER SKYSCRAPER DESK in every city in which it has appeared that we are constrained to reproduce it herewith "as is" . . . READ IT . . . and send the coupon.

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Without obligation in any way send me your illustrated catalogue of the new Skyscraper Desk.

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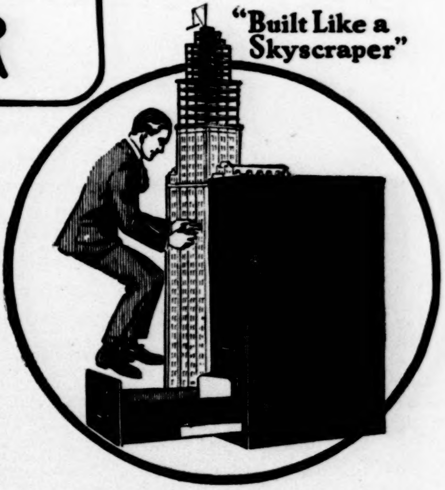


"Built Like a Skyscraper"

LARGEST EXCLUSIVE MAKERS OF OFFICE EQUIPMENT IN THE WORLD

Branches and Dealers in all Principal Cities

World's Largest Bank

Last week the headlines told of another world's greatest—the new Chase National Bank with assets of $2,800,000,000.

A check of the Chase directorate with THE BUSINESS WEEK'S subscription list shows

Thirteen
~~Twelve~~ Subscribers

In addition these twelve subscribers are directors or executive officers of

Eighty
~~Sixty~~-eight Businesses

These sixty-eight businesses have assets of

Eleven
Over ~~Ten~~ Billion Dollars

To the man who really knows the American business structure these subscriptions mean more than a dozen good names. He sees in them wealth and power and influence that beggar description.

P.S.

Another director of the new Chase National just subscribed. He represents, as a director or partner, twelve additional business institutions with assets of five hundred and seventy-six millions of dollars.

Thus explaining the corrected headlines.

THE BUSINESS WEEK

they lose a day's pay by not being at work, how many days did they work last week, how many days do they work in a full time week. If they have no job of any kind he will ask: are they able to work, are they looking for a job, for how many weeks have they been without a job, and why?

These questions will cover part time workers even though they work only a few hours a day or only a day or two a week. If, for example, a woman is employed one day a week as a laundress in addition to doing work in her own home, or is regularly making garments or artificial flowers in the intervals of home or school duties, she will be recorded as usually working at a gainful occupation. Those whose occupation is very irregular and uncertain will also be included in this category, even though they have been idle for a long time and have no immediate prospects of finding a job. More important is the fact that persons who have been long unemployed because of changes in industry, the introduction of machinery or the decline of production in certain lines, will be included, if able and willing to do work of any kind.

Not on the List

The only ones who will not be listed as usually working at a gainful occupation are young persons who have not yet begun to work for wages, old ones who have retired from active service, those who have a business of their own or are living on incomes or accumulated funds, and those who for any reason decline to work or choose not to work. Housewives not usually employed outside the home but accepting small jobs to be done at home or occasional temporary positions; school boys and girls and college students who may accept jobs when the pay is especially tempting will not be considered among the unemployed.

It will be especially hard to deal with those who have a job but are not working. If they have been laid off and have a chance to return to the job, or expect to do so if they would be taken on, they will be considered to be employed. Special efforts will be made to find out why people are not working, and why they were laid off or why their employment gave out.

In the case of those who have no jobs of any kind it will clearly be hard to get answers to the questions, whether they are able to work and whether they are looking for a job; and what are the reasons for being out of a job. On the whole, however, there is every reason to believe that this census will throw a great deal of light on the status of the working population in April, 1930.

We Break Tradition to Put Japan in the Oil Business

Associated Oil, American, goes partners with Mitsubishi interests to build first real refinery there

THE petroleum industry in the United States has cultivated and kept sacred for more than half a century a sort of international political sense. Was this because of the exceptional acumen of old Standard? Nobody knows and there are no archives.

Last week there took place quite unnoticed by Government, press, or public an oil event which would have rocked the Standard dynasties of yesteryear to their foundations.

An American oil company announced that it would build refineries in Japan, that it would there transform California crude into refined products, that it would initiate Japanese into the most precious and magical of the arts of preparedness for war upon, over and under the sea.

The little news release of President William F. Humphrey of the Associated Oil Company was simple enough. Associated, announced this San Francisco official, had joined with the great Mitsubishi interests—miners, shipbuilders, bankers, importers and exporters, shippers, insurers. Mitsubishi Shoji Kaisha long had been a friendly distributor of Associated's products. From Tokyo headquarters American technicians on the payroll of a jointly owned Japanese-American corporation, Mitsubishi Oil Company, Ltd., would supervise the building of a first refinery on Tokyo Bay. In this plant California crude will be transformed into gasoline, lubricating oil, distillates, fuel oil for marketing in the Empire of Japan, Korea, Formosa "and other portions of the Orient."

Hitherto, Japan's small production has justified only the sort of petroleum skimming establishment known to the trade as "topping plants."

In Washington's ugliest of ugly buildings there sit rows of polite and underpaid officials who rather by traditional presumption than by law pass upon thousands of pieces of prospective foreign business of a perfectly private nature every year. Bankers, promoters, engineers and contractors, every sort and description of venturesome Yankee outfit seeking a place in some foreign sun, all pass respectfully and obediently before the rows of polite young officials.

All except the oil people.

Whatever *they* want to do, they do, all over the earth. Standard went to China, dropped eighty millions in dry holes, kept its own counsel. Sinclair went to Russia, to Persia, returned more disgusted with one place than with the other, said not a word. Venezuela, Colombia, Peru live off the expense accounts of lean, tanned men from Texas and Oklahoma who chew but never smoke tobacco. They are there without benefit of diplomacy.

No man knows the secrets of Standard but he who thinks at all can more or less make them out. The four Standard outfits which inherited a World Policy—the Jersey, the New York, the Vacuum, the California—have generally held to four cardinal principles:—

1. Keep foreigners out of the oil business in the United States. Royal Dutch alone has been able to make an inch of progress against this fundamental doctrine.

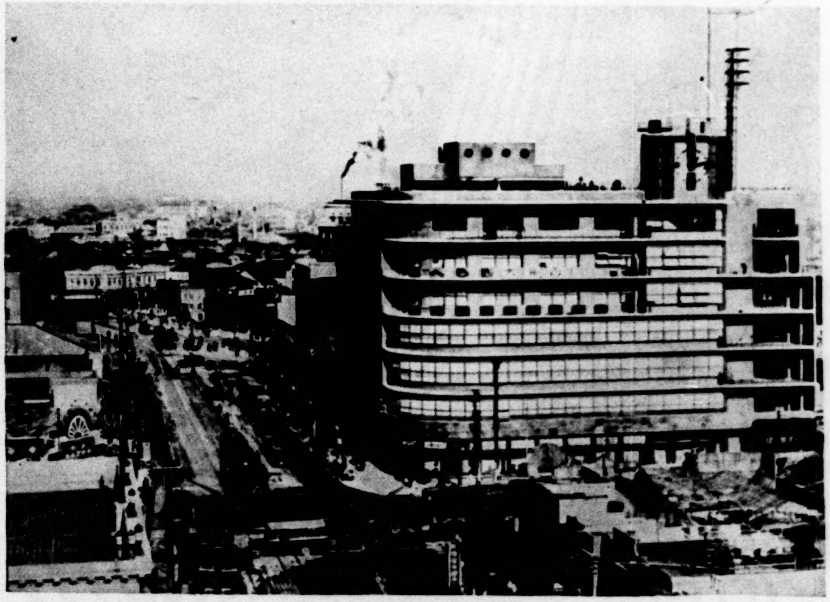
2. Try desperately to defer progress everywhere else in the world in production, refining, and marketing. Here have been fought some of the bitterest battles in oil.

3. Horn in on other people's markets wherever and whenever the slightest opening shows light. Standard of New York's present running fight against Royal Dutch in India and Egypt is a repetition of hundreds of similar struggles.

4. Buy, tie up, monopolize everything that is best in Europe's scientific brain product, but never under any conditions yield up to foreigners any American brain product. Standard agents were after the Bergius process of hydrogenation a few hours after the discoveries were known. But Russians and Roumanians got no licenses on Standard of Indiana's Burton still.

Great Britain, accustomed to World Policy, applied it to the oil business the moment she came into possession of one. The entire lay-out of her oil investment is an integral part of her naval as of her commercial strategy. Certainly Britain has never set anybody else up in the oil business.

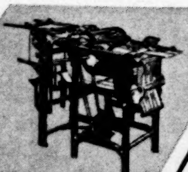
As regards Japan. Her own production has been and is insignificant. But she has tried hard and tried early. In 1875 she was drilling. Perhaps the failure of her four fields has pushed her to rush the Californian alliance while she continues prospecting in Korea and in Kamchatka. The gushers of 1914 turned out to be miniatures, like most Japanese things. But if she once gets an oil establishment, once trains her technicians, once learns oil, why her American-trained geologists may take a strike anywhere over a vast Empire and she will be thereafter self-contained in the most vital munition of war.



JAPAN—1930

The business section of Tokyo, today, shows evidence of the modernization which combines the best of the Oriental and Occidental. The big building at the right is the new Shirokiya department store

New Typesetting Equip



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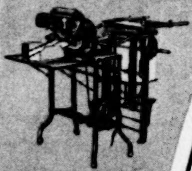
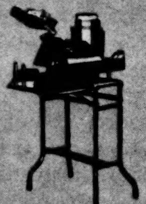
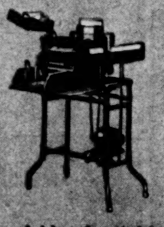


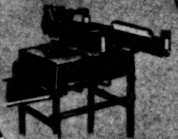
Printing Multigraph



Model 100 Multigraph

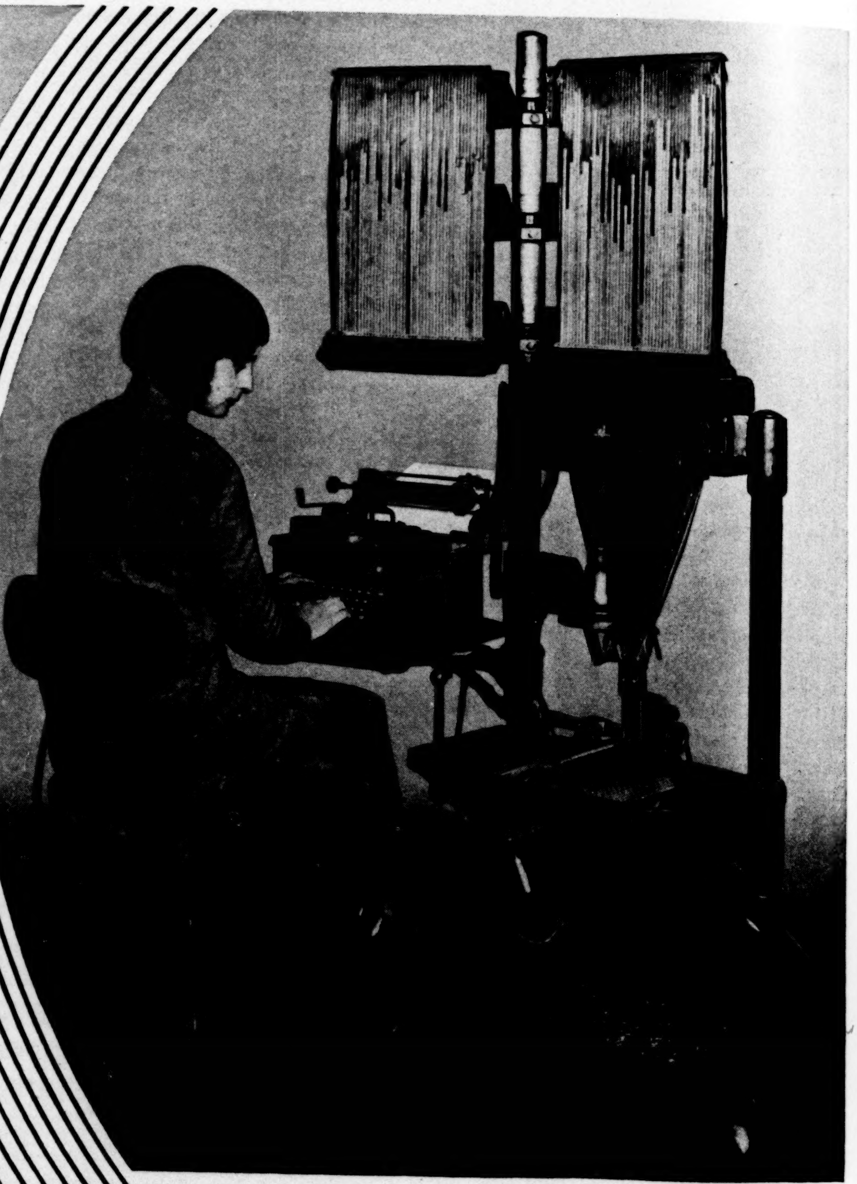


Addressing Multigraph



Lever Addresser

59 Typesetter



The MULTIGRAPH

MENT helps you cash more "paper profits"

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A new check-list of Multigraph applications is now ready. It is entitled, "33 Ways to Make or Save Money with Multigraph Equipment." Write for it or call the Multigraph Office in your city. You'll find the number in your phone book.

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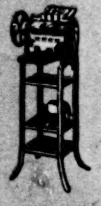

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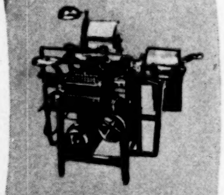
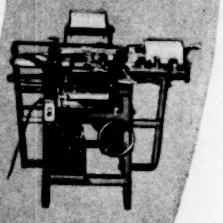


Keyboard Compotype



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"This is an actual photograph." Those five words under an illustration inspire more confidence than five volumes of adjectives. Use this phrase in all your advertising—it pays!

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Wide Reading

DIMINISHING RETURNS IN MODERN LIFE. James Truslow Adams. *Harpers*, April. Spirited attack on present tendency to force "a radio, a car, a vacuum cleaner, a summer home . . . for everyone."

THE FINAL REPARATIONS SETTLEMENT. Thomas W. Lamont. *Foreign Affairs*, April. Dissection by an expert.

SUPER-POWER. W. Charles Poletti. *Forum*, April. New York lawyer points out why the states can never regulate public utilities effectively; calls on Congress to establish formula and federal regulatory commission to administer it.

WHEN THE MANUFACTURER OPENS HIS OWN RETAIL OUTLETS. Ray Giles. *Advertising & Selling*, March 19. Neat analysis of factors pro and con—with examples.

A NATION OF ELDERS IN THE MAKING. Warren S. Thompson and P. K. Whelpton. *American Mercury*, April. Jump of 15 years in average age of Americans destined to have profound effect on use of leisure. Amusement makers take notice.

AVIATION AT HOME AND ABROAD. *Aviation*, March 22. All that has happened; charted. Also, what's on the way.

A STATE GOES INTO BUSINESS TO MAKE BUSINESS. Gov. Frank G. Allen. *Magazine of Wall Street*, March 22. Massachusetts government leads New England in vividly modern project to reverse industrial migration.

A GREAT RAILROAD MAN PEERS INTO THE FUTURE. *American Magazine*, April. Interview with General W. W. Atterbury on future of transportation.

GERMANY WINS THE PEACE. Henry Albert Phillips. *World's Work*, April. Reasons why Germany is our greatest competitor in world markets.

TREND TOWARD EXCLUSIVE DEALERSHIPS PRONOUNCED IN FIVE YEARS. Leslie Peat. *Automotive Industries*, March 22. Multiple representation decreases as number of individual manufacturers declines, while remaining factories broaden basic price ranges to supply demand.

THE DOWNWARD TREND OF EMPLOYMENT. Ernest J. Eberling. *Current History*, April. Pertinent discussion of unemployment trends culminating in present uncomfortable situation.

REPORTS—SURVEYS

FACTORS TO CONSIDER IN WORKING OUT MERGERS. A. D. Berning. Ernst & Ernst, 29 pp. Reprint of paper presented at American Management Association.

1930 RAYON YEAR BOOK. McGraw-Hill, 252 pp., $1. *Textile World's* collection of important statistical and technical literature of 1929 on rayon and synthetic fibres. Articles on production, latest developments; directory of world rayon production.

THE RETAIL GROCER'S PROBLEMS. W. F. Williamson. Department of Commerce. Investigation of an old-line grocery store in an eastern city to analyze for average retailer conditions in his own store.

Whole Bankruptcy Law Wrong, First Searching Study Shows

Creditors will not, crowded courts cannot do the work—Complete reform needed

WHAT is wrong with American bankruptcy procedure?

Practically everything.

These lines summarize the 358-page report submitted by Col. William J. Donovan to Judge Thomas D. Thacher, of the U. S. Court, Southern New York district. Chronic complaints against the present Bankruptcy Act grew into insistent demands for relief as a result of last year's scandals in New York. For the first time in thirty-two years this vastly important statute was taken apart and subjected to a merciless examination. The report says in effect that the Bankruptcy Act is at present impossible of operation and that abuses can be corrected only by complete revision.

Would Name Commissioner

Prescribed cures are drastic. Most revolutionary is the recommendation for the creation of a federal bankruptcy commissioner to unburden the harassed federal judges of all administrative responsibility in bankruptcies. The proposed commissioner would be appointed by and responsible to the President. He would license and supervise competent trustees who would handle the detail of bankrupt estates.

Another radical suggestion would practically eliminate the receiver, who is appointed under the present procedure to take charge of bankrupt properties until creditors meet and elect a trustee. Colonel Donovan's licensed trustee would be immediately appointed by a referee. The trustee would continue in charge throughout the case unless displaced by the court or voted out by creditors. At the conclusion of the case a single fee would be charged.

By eliminating one of the present convolutions requiring the courts to decide whether receivers are necessary, cases would be speeded, time and money saved. Creditors would consult with referees for the selection of an acceptable trustee. This is the procedure in Canada where the idea has justified itself.

For the cure of the fundamental evils of the present system, Colonel Donovan suggests five changes in the present Bankruptcy Act:

1—That administration of the bankrupt estate begin immediately upon filing of the petition.

2—That this administration be simplified and made business-like.

3—That the courts be relieved of administrative responsibilities.

4—That creditor control be limited to cases in which creditors are genuinely interested.

5—Enforcement of the criminal and discharge provisions of the Bankruptcy Act to discourage the dishonest and incompetent.

Colonel Donovan opens with his heaviest guns on the theory of complete creditor control, which is the foundation of the present law. The measure was passed in 1898. Amendments designed to keep abreast of developments were tacked on from time to time. They complicated the application of the law and forced bankruptcies into the hands of attorneys familiar with the legal labyrinths. It was found that in New York, the richest district in the world, bankruptcy practice was centered in about 21 law firms. Abuses were frequent.

Underwood & Underwood

WILLIAM J. DONOVAN

Business men who entered the legal jungles emerged therefrom with small profit and large disgust. Says the report:

"The act contemplated that attorneys would play a minor part in administration. In practice they actually dominate it so that it has become a legalistic rather than a business system, with their fees the largest item of bankruptcy expenses."

Creditors Get $8 on $100

Creditors have "learned by bitter experience that bankruptcy too often means a total loss of their claims." In nearly two-thirds of the country's bankruptcy cases, no assets are recovered for creditors. Average return on creditor claims throughout the country for the last four years is a little over $8 on every $100.

While the number of bankruptcies has not grown alarmingly, percentages recovered have steadily declined. For the fiscal year ending September 30, 1900, total cases were 21,938, assets realized $46,531,980, total creditor claims $292,158,153. For the fiscal year ending June 30, 1929, total cases were 57,280, assets realized $88,964,116, total creditor claims $883,605,665. (In 1900 creditors received about one-sixth of their claims; in 1929 they received about one-tenth.) The last five years wiped out $4 billions in unpaid claims. That staggering sum represents goods and services bought but not paid for—a loss that is made up in extra charges against those who *do* pay their bills.

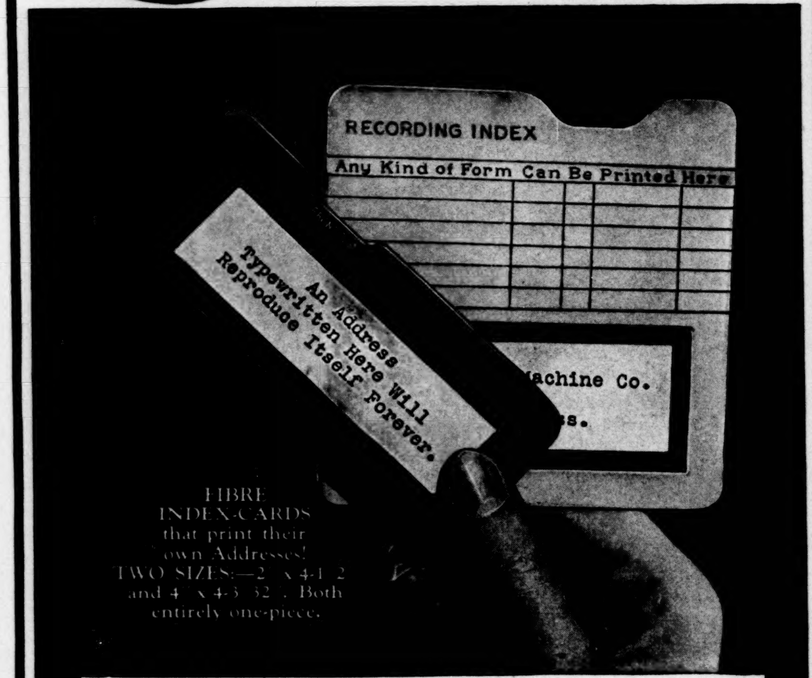
Such increasingly unhealthy conditions flowered last year in a noisome scandal in New York. As a result Federal Judge Francis A. Winslow resigned, a lawyer killed himself, a court official tried to, an auctioneer and twelve attorneys were indicted. Colonel Donovan was designated by three New York bar associations to investigate the whole field of bankruptcy, in an inquiry before Judge Thacher.

What Irving Trust Did

Immediately after the disclosures, Judge Thacher took an original and effective action. He appointed the Irving Trust Company receiver for all cases in the district (THE BUSINESS WEEK, Nov. 20, 1929). The trust company has made a remarkable record. Cases have been speeded to unheard-of schedules. Liquidation cost has been brought within reasonable expense ratios.

Here is proof of an ancient truth: Even a poor law can be made effective by honest administration. While admitting the remarkable showing of the

ADDRESSING "ELLIOTT" MACHINES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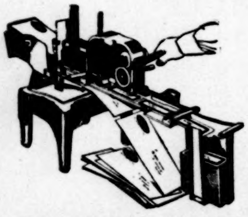
You already own half of an ELLIOTT ADDRESSING SYSTEM —if you own a Typewriter!



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Irving Trust, Colonel Donovan's report insists that the fundamental weaknesses of the present bankruptcy act must receive drastic revision. There has been a "total collapse of the theory of creditor control."

In the present act, fees were made low with the idea that money would be saved for the creditors. Actually, the pay was so small that high-class men would not bother with it.

Certain business groups thought they had a cure when they recommended the appointment of receivers from their lists of selected members. The struggling judges were willing to try anything. Judge Goddard appointed one of these business men as a receiver. Later he had a phone call from the nominee. He said he couldn't act in this case because the estate was too small to interest a man of his standing. If the judge had any $100,000 cases he would be glad to accept their administration.

Too Much Charity

Our act is compared most unfavorably with that of England. In the mother country bankrupts are handled sternly to weed out the unworthy. America's attitude is as sweetly charitable as possible. Here a bankrupt may "postpone his application for discharge until the case has been closed up and the interest of creditors has entirely disappeared. Under the English and Canadian acts there is no time limit in which the bankrupt must apply, but until he gets his discharge all property which he acquires belongs to the trustee. Under our act . . . the bankrupt may inherit a million dollars the day after his petition is filed and yet, if some twelve or eighteen months later he applies for and obtains his discharge, not a penny of that money is available for his creditors."

Speaking of honesty, Harold Remington, an expert on the subject, declares that fraud is perpetrated in 19 out of every 20 of our bankruptcy cases. Concealment of assets and fictitious claims are more common.

The inquiry took up the growth of credit adjustment bureaus. It was shown that debtors were turning more and more to these liquidations through assignments. Certain judges frowned on the procedure. One said that too often assets are dissipated so that when a bankruptcy petition is filed nothing is left for fees. Judge J. Foster Symes, U. S. District Judge for Colorado, suggests that such assignments be made illegal.

Agreement as to abuses under the present law is unanimous. Steps will be taken at once to seek suggested amendments to the Federal Bankruptcy Act.

The Railroad's Next Step Is Across the Atlantic

Move to buy lines is now coming to a head and carriers believe I. C. C. will approve

THE railroads, already in the air and on the highway, are about ready to take to the water. This is evident from current discussions in railroad circles, the essence of which was thus expressed by W. W. Atterbury, president of the Pennsylvania, to a representative of THE BUSINESS WEEK: "The advisability of operation by railroads of ocean steamship lines is being seriously debated. There is no reason why we should not supplement our rail service with transatlantic steamships as we are doing in the air and on the highway." General Atterbury further believes that the Interstate Commerce Commission will approve applications for railroad acquisitions of water-carriers which are evidently in the interests of better service.

From the shipping side of the picture comes this statement by Edward N. Hurley, railroad director, manufacturer, war-time head of the U. S. Shipping Board: "Operation of steamships by American railroads is the white hope of the shipping industry. The first American railroad to study the possibilities of ocean and land transportation will make itself the premier rail system of the nation."

What the Law Says

There is a general impression that railroads are forbidden by law to acquire or operate water-carriers. As a matter of fact, what the law does is to prohibit them from owning carriers by water which compete with rail lines, but there is no law which precludes their investing in water-carriers plying, for instance, to European or South American ports—so long as they do not use the Panama Canal. The Panama Canal Act is explicit on this point. Enacted in 1912, it says:

> "It shall be unlawful for a railroad company to own, lease, operate, control, or have any interest whatsoever (by stock ownership, or otherwise, either directly or indirectly, through any holding company, or by stockholders in common, or in any other manner) in any common carrier by water operated through the Panama Canal, or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic, or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad does or may compete for traffic."

All this means that no railroad may operate steamships on routes paralleling existing rail service, except by special permission of the I. C. C.

Of course, certain water lines are at present owned and operated by railroads. A loophole in the Panama Canal Act directed that such ownership might be retained where it was not inimical to the public interest and did not tend to reduce competition. Therefore, the New England Steamship Company is still owned by the New Haven Railroad; the Morgan Line (New York to New Orleans and Galveston) is controlled by Southern Pacific Company, and the Ocean Steamship Company of Savannah still takes orders from its controlling railway, Central of Georgia which, in turn, is a part of Illinois Central. But these are coastal lines.

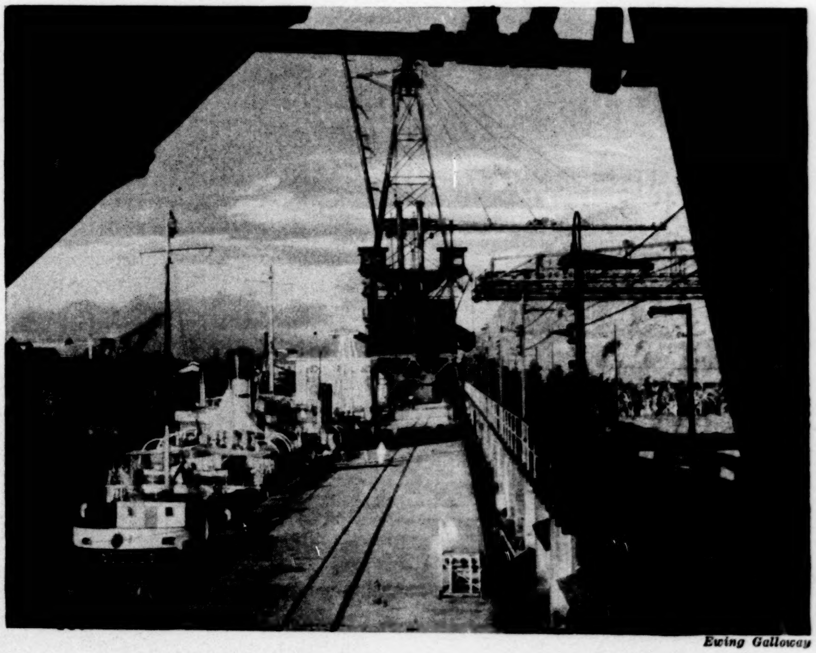
The future trend of water transportation expansion is expected to be in the foreign field. This is not precluded by the Panama Canal Act which, in fact, was directed specifically at potential rail-owned intercoastal lines and, singularly enough, at railway steamship lines then operated over the Great Lakes. The latter were thus swept out of the railroad class at a stroke.

Should a railroad enter the transatlantic field it would have to purchase one of the few remaining freight lines awaiting a buyer or build a fleet of its own. The latter would be the more probable move for, if passenger-carrying were to be a factor, new ships would be required and the only passenger-carrying ships now under the American flag are the privately-owned United States Lines. For a time, it appeared that Laurence Wilder's Trans-oceanic Corporation, with 35-knot ships, would open the way to a hook-up between a water line and the Pennsylvania Railroad, but this project apparently met an early demise.

Ship Travel Preferred

There is a traffic question involved which is harassing the railways. The ocean carriers are outselling them on pleasure travel. The fact that almost three times as many persons cross the Atlantic (almost all Americans, with the immigrant travel representing only a small proportion of the business) as cross the continent by rail in a year is evidence of the need for a broadening of the scale of rail operations. If railroads cannot sell attractions at home (although it is not beyond dispute that they have failed properly to "merchandise" their wares effectively) they can, by reaching overseas, get the revenues in other directions. And with buses, planes and ships, they will be in a position to bid for every form of travel business their prospects may desire.

Transatlantic operations, it is true, are not so exceedingly profitable at this time, but the ocean lines are beginning to prosper once again. And when 30,000 persons leave New York in a typical winter season on West Indies cruises, rail passenger men begin to awaken to the business which is gravitating away



Ewing Galloway

Another Phoenix rises *from the* Ashes *of* Pleasure

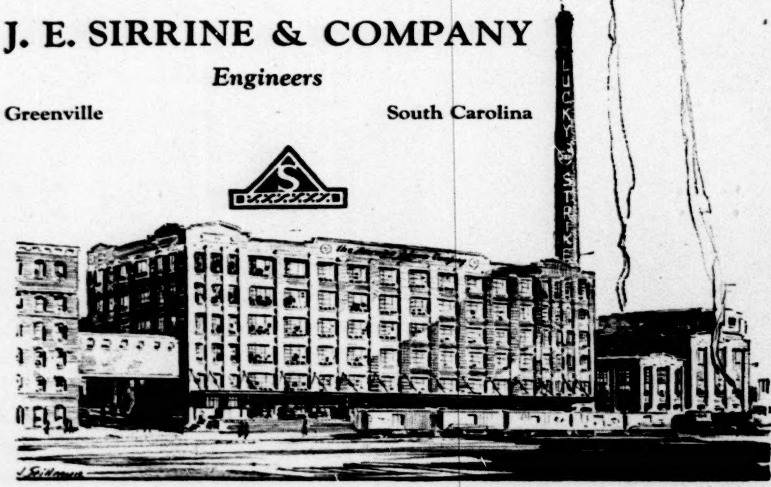
So steadily has the popularity of Lucky Strikes been rising that hardly was the newest American Tobacco Company factory at Reidsville, N. C., completed before it became necessary to make plans for another and larger plant.

This Lucky Strike factory is now under construction at Richmond, Va. Both it and the adjoining power plant will be representative of the best developments in design, architecture and equipment of this progressive age. Coupled to these features will be elements to add the dignity and beauty which contribute to the "esthetic efficiency"—so much a part of the modern workshop.

J. E. SIRRINE & COMPANY

Engineers

Greenville **South Carolina**



from the railroads serving winter resorts at home.

The transatlantic business is regarded by many as offering railroads an opportunity for recovering passenger traffic losses. It is also thought by many that entrance into this new field would stimulate the railroads' sense of "selling" transportation, thus reducing passenger traffic losses on land. There is a belief, fostered to an extent by some of the older school of rail executives, that passenger service automatically loses money. But long-distance limited trains, effectively "sold," roll up large earnings. The New York Central's Twentieth Century Limited showed a gross of more than $11,000,000 last year, carrying some 250,000 passengers east and west.

More Miles, More Money

To make passenger service profitable, trains require more intensive sales promotion, more effective advertising and a definite coordination of effort on the part of territorial groups of railroads. At present, most railways fear to join a cooperative plan of travel-promotion. This explains the trend of pleasure-travel toward steamships as against American railroads. It is the through, long-distance travel which must compensate the railways for the lost short-haul business and this travel would be stimulated by coordinated ocean service. Until this long-distance travel is developed in volume, the drain of branch line trains will result in a continued deficit from passenger operations on some roads.

In the East, the Interstate Commerce Commission estimated (positive figures cannot be separated as between freight and passenger) passenger expenses last year at 82% of passenger revenues; in the South, costs and revenues exactly counterbalanced each other; in the West, passenger train costs were 102% of passenger revenues, or an average for the entire United States of 92% of passenger revenues expended on passenger service.

The answer, it is pointed out, is not less passenger service (on through lines) but more advertising, better sales promotion and cooperative work between railways serving the same sections to exploit their sections as a whole.

The growing trend toward amalgamating the services of rail, highway, airway, and now, water-carriers into general "transportation companies" is held to augur well for the success of such affiliated systems of transport. What the Canadian Pacific Railway has done in maintaining a railroad, steamship, hotel, express and telegraph business under one head is considered indicative of the potentialities in this direction.

World Rubber Market Watches Tan Kah Kee

Will the great Chinese trader join the tapping holiday? If not, the plan will fail

TODAY, on fanned verandahs of Singapore clubs as in Akron offices, rubber is again suddenly in the news. Again has it been proposed to raise the price of rubber by restriction of the flow of sap. A tapping holiday, it is quaintly called, and it is set for May 1.

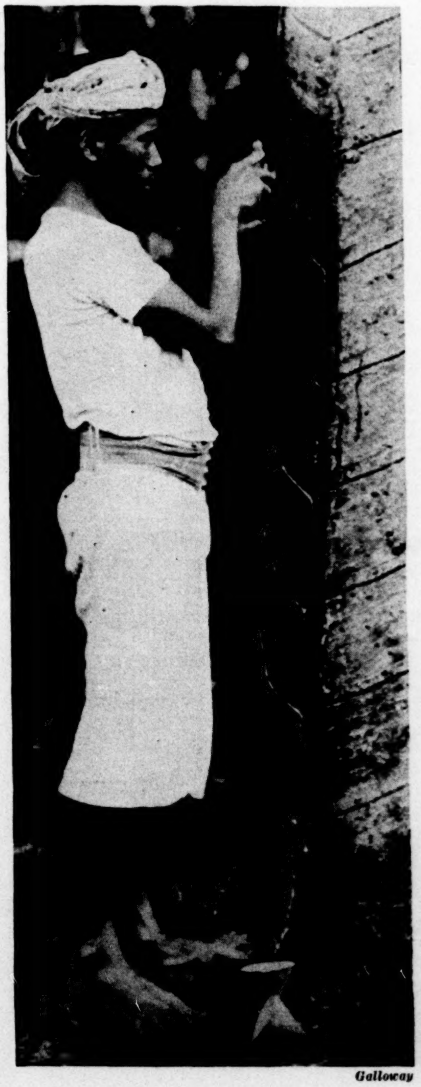
It took the British and the Dutch Rubber Growers Associations interminable conferences and reams of cablegrams to London and Amsterdam to get anywhere with the idea. The Stevenson Restriction Act failed—officially, politically, economically, and diplomatically. But the planters were stubborn. Stockholders throughout Britain and the Low Countries were again crying for dividends. Fifteen cent rubber could not provide them, and the unrest in managerial circles became unbearable. Hence this last high resolution, again this staunch resolve. That is how everybody got together once more, that is, everybody except one.

A Man of Destiny

And here is the curious tale of that one, that single little unknown man on whose decision during the stifling month of May hangs the destiny of the rubber markets of the world.

If at Singapore you chance to hear club gossip about this man, and if you express a wish to see so prodigious and so deceptive a creature, some Englishman or other will tell you that your chances are slender, for he is seldom seen. An incessant and mysterious traveler, he turns up one day in Singapore and is off the next into the vast mean jungle where native farmers produce one-half of the rubber of the world. Throughout that southeast corner of Asia which lives by the sap of trees he is ever alertly moving, plotting, bargaining, exerting that perennial squeeze which is the legendary commercial cruelty of his race. For he is a Chinese of unadulterated genius. Your English friend will doubtless compromise by offering to show you one of the palaces of Tan Kah Kee, most powerful of rubber merchants, wealthiest of Chinese throughout the world, self-made man of extraordinary magnitude.

Not far from the splendid Mosque of the Sultan of Johore, stands the Singapore mansion of this strangest of householders. There are repetitions of it—with variations according to climate—in most of the great eastern cities where affairs force him to call. One would say that the firm of London architects who did them had received *carte blanche*. They are perfect, too perfect. Above all are they veritable museums of modernity. If a single last minute gadget of household machinery is missing it was an oversight. Catalogues have been combed to rig up these gorgeous show places. The plumbing and the lighting are perfect. But there is not a drop of water in the plumbing. The electricity is turned on at dusk to blaze until the dawn of the sun. Nobody lives in these houses. They are uniquely for show. Perhaps a little for propaganda, too, for their master is a leading agitator for the modernization of the East.


Galloway

In case Tan Kah Kee is in Singapore he can probably be found in the kitchen buildings, some distance back of the house, at the end of a covered sidewalk. There he lives with some wives—nobody knows how many, although gossip estimates the band at from a dozen to a score. It is there that he is most comfortable. He came to Singapore a coolie and a coolie he remains. The greatness of his fortune, reputedly some $200,000,000, has not turned his quaint little round head. Of regrets has he only one, that he is an uneducated man. Thirty-five of his fifty years have been devoted to a most active and voluble commerce with foreigners and still he has been unable to conquer any tongue except the local Malayan. In Chinese he still speaks his native local *patois*. The elaborate and courteous syntax of Confucius remains to him unknown. Western commercial speeches are forever past him. Perhaps that is the reason why he has given away such a large part of his income to higher education for poor Chinese. The University of Amoy, founded by him, is still splendidly maintained from his resources. By reputation throughout the East he is the largest scale philanthropist in that greater half of the world, with donations of $60,000,000 to his honor.

Honored Competitor

Although Tan Kah Kee is the severest of competitors to the British in rubber and tin, he has nevertheless been signally honored by them. His title of Chief Justice in the British-fostered Chinese Court at Singapore is an honorary title. Against America it is thought that he nurses some inscrutable ancient rage, for despite his frequent visits to Europe he is often quoted as having sworn his gods never to set foot in the United States, where indeed his interests are very large and where his commercial relations are extremely wide.

In the present emergency of rubber over-production the key position is held by Tan Kah Kee because it is through his extensive organization that a large part of native production finds its way to market. If he chooses to cooperate with the British and Dutch Growers' Associations for the thirty-one days of May, the market may right itself. Up to the present he has said no word and although he is held to be the most reasonable of men when cooperation is necessary, it is feared that he may oppose the measure as just another futile un-economic device which is doomed to failure.

The great plantations, left to them-

Local Security Representatives

An Exceptional Opportunity

THIS advertisement is addressed to men who, though not looking for a "job," would be interested in a connection with a large securities organization which will be pleasant, profitable and permanent.

The work does not require traveling but can be done in your own community—be it large or small. Previous experience is not necessary for men of ability, character and ambition.

Men who are well acquainted and influential in their communities, with successful business records, retired, or still active, will find this an unusual opportunity to earn $5,000 to $20,000 annually.

Write fully about yourself and in confidence. You will be addressing one of the ten largest industrial organizations in the country, well equipped to give hearty cooperation. The securities are well known, listed on various exchanges and held by over half a million people.

This position is available now because of sales expansion plans. Several hundred men have been doing this work for years. No promotional or pioneering efforts are involved. Applicants are desired from cities of five thousand or more.

Address "TD"

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QUIK-LOK
Collapsible STORAGE FILE

For the economical storage of inactive records. Automatic lock, steel reinforced, dust proof, durable, 86 sizes. Save 90% of your filing cost without loss of efficiency. Insist on seeing QUIK-LOKS before purchasing Storage Files. A dealer is near you. Write today.

KAY-DEE CO.
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Scott's Creeping Bent for Perfect Lawns!

Sod in six weeks. A rich, velvety stretch of lawn that chokes out weeds before they can grow! A deep, thick, uniform turf that's everlasting and that makes your home a beauty spot.

The New Super-Lawn

Instead of sowing seed, you plant stolons or the chopped grass—and in a few weeks you have a luxuriant lawn like the deep green pile of a Turkish carpet. Read all about this unusual grass in our illustrated booklet "Bent Lawns." Mailed on request.

O. M. SCOTT & SONS CO.
372 Main Street Marysville, Ohio

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selves, cannot be sure of reducing production by more than 10% for the year and many learned rubber statisticians put their possible degree of success as low as 3%. London and New York markets, anticipating fateful April 8, when the Anglo-Dutch Liaison Committee's tapping holiday scheme will be voted in or killed, have been a little firmer but not much.

The personal action of Tan Kah Kee will not be known until after the scheme gets under way, should it carry the day at the Singapore session. Ordinarily the other and less important buyers of native rubber follow his policies. Should he decide to help out the Europeans the month of May will not find him unoccupied. Aside from his rubber business he is one of the largest individual tin operators in the East and has widespread interests in the pineapple canning industry and, in fact, in most of the characteristic businesses of that part of the world. Then, too, he has his amiable wives, flocks of children, the universities of young China, and his chain of solitary show-palaces, sentinels of Western culture standing out above the moist jungles of one of the richest and most neglected reaches of the earth.

France Raises Fund To Tempt Tourists

ONLY 190 thousand travelwise Americans spent only $160 millions among the French last year. In 1928, more than 230 thousand spent $200 millions. So French travel service executives, hotel keepers, restaurateurs, managers of the Folies Bergère, the Comédie Française, the Moulin Rouge have been writing excited letters to government officials. So when Tardieu's cabinet retired the Under-Secretary for Tourism was retained, was cheered as a practical Tardieu innovation. With him comes an appropriation of $1,200,000 to be used for "encouragement of tourists."

Keenest competitor is Germany, though less American tourist money enters that country than Great Britain or Italy. Since 1927, when Americans spent $20 millions in Germany, $15 millions in Switzerland, $32 millions in Italy and $50 millions in Great Britain and Ireland, the German government and tourist bureaus have done effective advertising, have proved exceeding fine hosts, have captured a larger share of European tourists.

In 1927, most recent available figures, Americans spent $770 millions in Europe; Europeans spent only slightly more than $245 millions in this country.

What House and Senate Have Done to Tariff

RATES ON IMPORTANT ITEMS

(Rates in cents per pound unless otherwise noted)

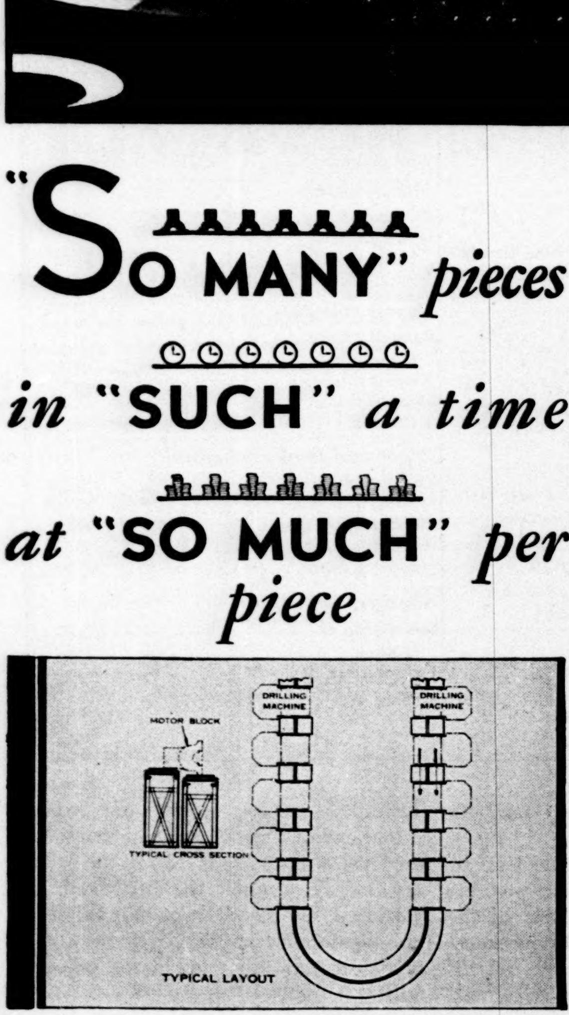
Item	Rates		
	Existing	*House*	*Senate*
Chemical Schedule			
Tartaric acid	6	8	8
Ammonium carbonate and bicarbonate	1¼	2	2
Argols not more than 90% potassium bitartrate	5%	free	free
Barium carbonate	1	1½	1½
Casein	2½	2½	5½
Synthetic camphor	6	6	5
Natural camphor	1	1	5
Linseed oil	3.7	4.16	4½
Soya bean oil	2½	5	2.8 but not less than 45%
Potassium permanganate	4	6	6
Baking soda	¼	¼	free
Borax, refined	⅛	⅛	free
Potato starch	1¾	2½	2½
Earths Schedule			
Common brick, per thousand	free	$1.25	$1.25
Unglazed tiles under 40c per sq. ft., rate per sq. ft.	8	10	10
Cement, per 100 pounds	free	8	6
(For state or municipal purposes)	free	8	free
Crude feldspar, per ton	free	$1.50	$1
Mica valued over 15	25%	2+25%	5+25%
Earthenware, plain, per doz. pc.	45%	10+45%	10+45%
Plate glass	19–22	19–22	17–19¾
Metals Schedule			
Pig iron	112½	112½	75
Manganese (new rate on 10% content or over instead of 30%)	1	1	1
Fourdriner wires	30%	50%	40%
Woven wire cloth	25%-45%	25%-50%	25%-50%
Tungsten ore, metallic content	45	50	50
Crude aluminum	5	5	2
Phosphor-copper	25%	3	3
Silver, per ounce	free	30	30
Cast iron pipe	20%	30%	25%
Automobiles	25%	25%	10%
Clocks and watches	slight increases		
Wood Schedule			
Softwood logs, per M ft. B. M.	free	free	$1.50
Sugar Schedule			
Cuban sugar, per 100 lbs.	$1.76	$2.40	$2.00
Maple syrup	4	5	5½
Agricultural Schedule			
Clams	free	35%	30%
Canned oysters	free	free	8
Cheese and substitutes: rate	5	8	8
minimum ad valorem	25%	35%	42%
Milk, gal.	3¾	5	6½
Cream, gal.	30	48	56.6
Butter	12	14	14
Almonds, shelled	14	16½	16½
Peanuts, shelled	6	7	7
Soya beans	½	2	2
Flaxseed	56	63	65
Alfalfa seed	4	5	8
Corn, bu.	15	25	25
Oats, bu.	15	15	16
Rice, brown	1¼	1½	1½
Mangoes and avocados	free	free	15
Maraschino cherries	40%	5½+40%	9½+40%
Lemons	2	2	2½
Limes	1	2	2
Pineapples, per crate	22½	35	50
Grapefruit	1	1½	1½
Green beans	½	3½	3½
Green peas	1	2	3
Onions	1½	2	2½
Potatoes, 100 lbs.	50	75	75
Preserved tomatoes	15%	40%	50%
Turnips and rutabagas, 100 lbs.	12	25	20
Peppers, eggplant, cucumbers	25%	3	3
Celery, lettuce, cabbage	25%	50%	2
Chocolate and cocoa, unsweetened	17½%	3	3
sweetened	17½%	40%	40%
Hay, ton	$4	$4	$5
Broom corn, ton	free	$10	$20
Cotton Schedule			
Long staple cotton, 1⅛ in. and over	free	free	7
Blankets	25%	35%	30% but not less than 14½
Warp knit gloves	50%	60%	30%
Gloves, not warp knit	50%	50%	25%
All-cotton wearing apparel, n. s. p. f.	35%	37½%	37½%
"Hit-and-miss" rag rugs	35%	55%	75%
Flax, Hemp, and Jute Schedule			
Hackled flax	2	3	3
Hackled hemp	2	3	3½
Cordage, manila, sisal, henequin	¾	2½	2
Inlaid linoleum	35%	40%	40%
Wool Schedule			
Raw clothing wool and mohair	31	34	34
Top waste	31	34	37
Garnetted waste	24	26	26
Shoddy	16	18	24
Wool rags	7½	8	18
Yarn and fabrics	slight increases		
Silk Schedule			
Thrown silk	25%	20%	20%
Gloria or umbrella silk	55%	55%	60%
Silk fabrics	several slight increases		
Rayon Schedule			
Rayon filaments or cut fibre	20%	20%	25%
Yarns and fabric	several slight increases		
Most clothing items	45+60%	45+65%	45+65%
Paper and Books Schedule			
Pulp manufactures, n. s. p. f.	25%	25%	30%
Pulpboard	5%	10%	10%
Crêpe, tissue, and copying paper	6+15%	6+20%	6+20%
Sundries Schedule			
Straw hats, unblocked	35%	25%	25%
Embroideries	75%	75%	90%
Lace	90%	90%	90% plus sliding scale

A MUCH battered tariff bill, amended 1,253 times, was returned by the Senate to the House after ten months of senatorial labor—the longest period of tariff revision on record.

A conference committee, appointed by both branches, will now consider the changes made in the House bill by the Senate. This committee may take six weeks to confer and report.

As it stands the general rate level of the Senate bill is about half-way between the present law and that of the House bill. Agricultural rates are somewhat higher than in the House bill, all others lower. In only four of the fifteen schedules—metals, wood and wood manufactures, rayon and sundries—is the level of rates lower than in the existing law. As a whole the tariff wall, as measured by the average ad valorem rate on dutiable imports, is about 10% higher in this bill than in the present tariff.

"SO MANY" *pieces*
in "SUCH" *a time*
at "SO MUCH" *per piece*



Conveying equipment can and should be bought on the same basis as any production tool in your shop . . . on its ability to handle a maximum number of pieces at minimum cost during each and every working hour.

Mathews Conveyer Systems are designed and constructed in a manner that will surely earn your approval if you judge handling apparatus on what it will do. Production knowledge is combined with engineering skill in the planning of your Mathews installation. You are assured that the system will handle a definite number of pieces within a fixed time and at a predetermined saving per piece.

Know in advance what you may expect of a conveyer installation in your plant. Feel secure that, once erected, the handling system will live up to your hopes. Make yours a Mathews Conveyer System.

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Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS sentiment in Western Europe this week has turned optimistic though there is no material change either in actual conditions or prospects except for a few sporadic signs of the beginning of belated seasonal activity. The improved tone is due primarily to expectation of a continued easing of money, and to indications that capital is about to resume activity, thus stimulating business. The wave of advances on the London stock exchange is particularly striking. Preparations are progressing in various countries for ratification of the Young Plan. First bond issues of the International Bank may come out in May, certainly no later than June. Finance deadlock in German Reichstag Thursday results in Cabinet resignation.

By Special Cable to The Business Week

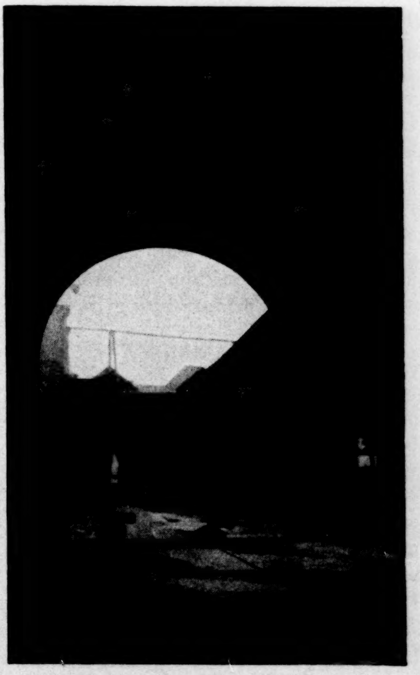
Great Britain—Optimism continues on the upgrade. Strength of gilt-edge securities last week has now spread to the entire list following the second bank rate reduction during the fortnight, with talk of reduction to 2% before June. Thirty selected industrials show sufficient recovery this week to raise them to levels prevailing before the Hatry crash. Investment funds are manifestly thawing where two weeks ago issues were largely left to underwriters. This week's Tate Lyle Sugar Refiners issue was oversubscribed 10 times. Channel tunnel financing is already discussed as an eventuality within the year, following a conservatively favorable report, the first rendered by the new Economic Advisory Council. Main cause of hesitation is the possibility that the tunnel will be superseded by airways before it can show a profit.

Commodity markets begin to show improvement, except for coal. Some collieries may shut down but factors affecting iron and steel, cotton, and wool are more favorable. Tin prices are hardening under the first influence of wide curtailment. Restriction at present is equal to 15% of a year's output.

In Lancashire the cotton trade is drifting toward a crisis with the expiration on April 1 of the agreement made a year ago that 10 cotton manufacturing firms at Burnley should place 4% of their looms on a basis of 8 looms per weaver against the traditional 4 looms per weaver. On February 24, negotiations for new wage rates and for extension and general introduction of the new system broke down. At a meeting of employers, 41 firms voted in favor of adopting the new system provided arrangements could be made without causing trouble with the weavers' association.

By Special Cable to The Business Week

Germany—Event of the week was confirmation of the long-rumored Lloyd-Hapag combine subject only to ratification by stockholders with probability of embracing also Hamburg Süd Amerika and Hansa lines. This aggressive development and prospects for early resumption and influx of foreign capital stir business and stock market from prolonged apathy, although there are, as yet, no real signs of the long overdue seasonal revival. Actually, continued decline in wholesale prices, car loadings, coal, iron and steel production indicates that the bottom has not yet been reached. Reichsbank discounts are now lowest they have been in two years. The bank rate has been reduced to 5% without awaiting the quarter end. Railways plan to increase rates to offset the decline in receipts since January 1. Business fears that a continuous increase in taxes, import duties, and rail rates will combine to undermine the export ability of German industry, but pins what hopes it has on the stimulus which the expected influx of foreign capital and short term credits will bring.



WOMEN WORKERS, POLAND

Lee Higginson & Co. is reported to have advanced to the Federal Government a $50-million credit at 5% to cover the hiatus until the first instalment of the Kreuger loan, due in July. With the National City $20-million bond issue for the Rhine Westphalian Electric Co., largest power factor in west Germany, this is considered symptomatic of better receptivity in the American market, important in view of the approaching flotation of the German Young bond quota. The Reichstag has voted a radical increase in the agricultural tariff bill. The protectionist wave is spreading in industry. The Federal Economic Council unanimously advises an increase in the rayon tariff, subject to agreement by manufacturers not to increase home prices; also automobile tariffs, subject to agreement of Continental manufacturers through their governments.

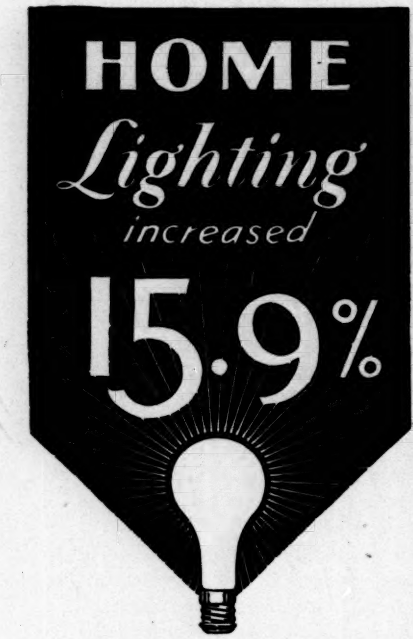
Radical farm relief bill makes effective at once the increased duties on grains. To increases established last July when the surplus rye crop first menaced the agricultural products market, are added new increases of 26% on wheat and flour; 50% on oats; 100% on fodder and barley; and another 60% on rye. A corn monopoly, effective April 1, is established through which all corn must be bought and sold.

The nitrogen syndicate, developed as a preventive of over-production resulting from too rapid expansion, is expected to renew itself for 7 years, and accord to Farbenindustrie A. G. an allotment of ⅔ of production and to the Ruhr coal industries the remaining ⅓. Decision of duPont de Nemours & Co., already associated with Oberkoks, to extend the manufacture of nitrocellulose lacquers is a new development; indicates continued expansion of American interests in Germany.

By Special Cable to The Business Week

France—Revival on the stock market is newest cause for optimism. Although agriculture is still depressed and general activity is possibly somewhat lower, statistics, so far, fail to substantiate reports that business recession is in progress. Both the January industrial index and February tax revenues are at record levels; railway income for the first 8 weeks is above last year; February foreign trade shows expansion in both exports and imports, including 7% increased exports of manufactures.

Mainspring of greater optimism is the expectation of early tax reductions, now further encouraged by government assurances that measures, pending com-



This substantial gain during 1929 in the sale of electricity for residential lighting not only reflects the progressiveness of the territory served, but it emphasizes an important source of the Company's growing revenues . . . Other facts of interest to investors mailed on request.

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pletion of budget vote, envisage $50 millions reductions, bringing the total, since 1926, to $200 millions. Success of the oversubscribed Paris city $13-million 4% conversion loan augurs well for the coming flotation of $100-million Young bonds. The budget bill is before the Senate. Allegation of a nominal surplus of $8 millions hides an actual $25 millions deficit, delays action; passage before the fiscal year-end is doubtful. It may be necessary, for the first time in 4 years, to take recourse to a system of provisional monthly budgets. The social insurance bill intended to become effective July 1, has passed Senate and returned to Deputies. It contemplates expenditures reaching between $50 and $60 millions by the third year, but demagogy and anticipated effect in the increase of costs of living and production cause uneasiness to business.

Negotiations are expected to begin in May between French and American tax experts towards removal of the double imposition of French 18% distributed profits tax affecting both American subsidiaries in France and the parent companies.

The tariff committee unexpectedly reversed itself by rejecting both the original and the Scapini automobile bills. It has recommended a new bill providing for specific automobile duties equivalent to 20% on the retail value of the foreign cars in France. It also recommends reductions in the proposed automobile parts duties to levels generally considered tolerable.

By Special Cable to The Business Week

Italy—The long-standing nationwide system of octroi, or municipal tolls, which has been a potent factor in hindering internal trade by raising prices, will be abolished April 1, and will be replaced by special taxes. Exchange restrictions upon free lira transactions are removed and the exchange pegging organization liquidates with the end of March. Isotta Fraschini proposes to undertake Ford manufacturing in Italy.

LATIN AMERICA

Cuba—The element of uncertainty in the sugar industry was removed when the U. S. Senate set the tariff on Cuban sugar at $2; the reaction in Cuba is one of depression and disappointment. Interest now is centered in the Havana meeting on April 1 when it will be determined whether or not the single Cuban sales agency shall continue or be dissolved.

Haiti—Report of W. Cameron Forbes' committee on conditions in Haiti has been filed with President Hoover. Groundwork for ultimate withdrawal of marines is regarded as established. Probably, all American treaty officials with the exception of collector of customs will be withdrawn.

Argentina—Strengthening exchange this week indicates that a large foreign loan may be expected to follow close on the successful flotation in New York of the $8-million bond issue for the Province of Buenos Aires.

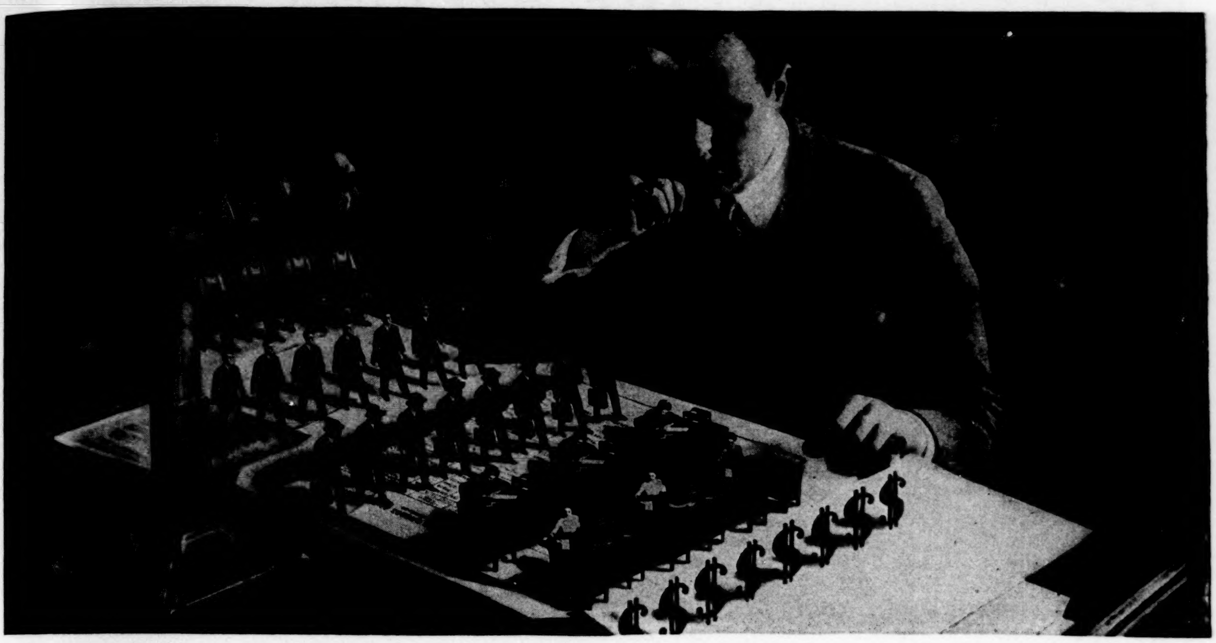
Business in general, however, still remains slow. During January and February exports of grain were down 31%, wool 41%, beef 14%, mutton and lamb 9%, canned meats 25%, butter 19%, compared with last year; increases were hides 17%, quebracho extract 20%, logs 4%. Despite these losses, customs revenues to March 10 totaled 60 million pesos, an increase of 11 million pesos over the corresponding period last year.

U. S. government grain purchases and consequent withdrawal from the market give Argentina wheat an important position in world trade, although the crop is short and prices below last year. The linseed crop is short but prices are improving. March forecasts indicate that the area planted in corn exceeds last year's by 733,000 hectares but, due to unfavorable weather, the crop will not exceed last year's, though it will bolster weakened exports of other grains.

Textile mills are working on an average of 4 days a week. The partial strike of the private railways is settled by Presidential decree. Politics continue dominant, business depressant. Anti-Irigoyenists are pleased with the minority return of the President's party in March election; hope for a change in government policies more satisfactory to business interests.

Brazil—Success of the plan of the Bank of Brazil in arranging credits for 3 months' coffee financing has brought, in return for heavy exports, a plentiful supply of export bills which have stabilized exchange at approximately the rate maintained up to the break in coffee prices last October.

Colombia—The long depression period eased with the election of Dr. Enrique Olaya Herrara to presidency. New York bankers will be consulted upon his arrival in the United States after April 15 in regard to loans and rehabilitation projects. Native industry is optimistic, anticipates careful expansion program. Peso continues to be maintained practically at par.



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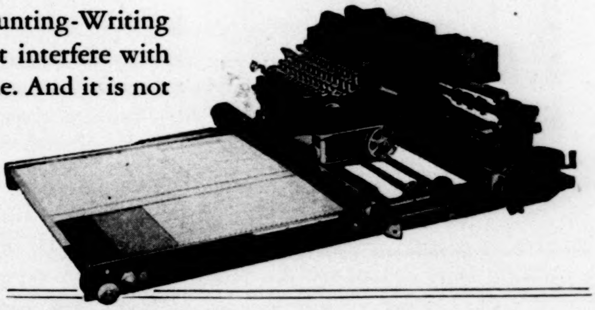

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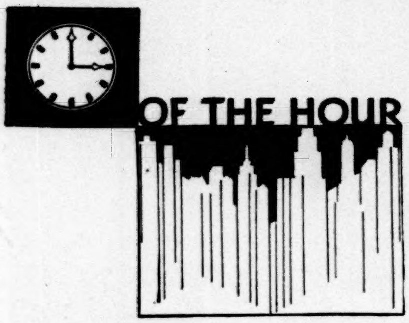

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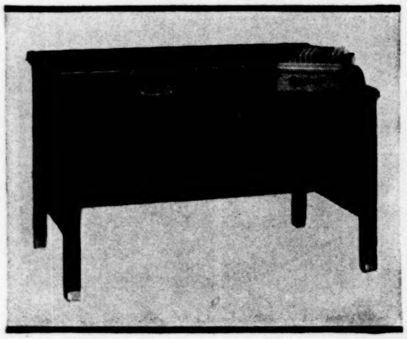

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Engineers as Executives

ENGINEERS make first-rate executives, not only of golf clubs and other organizations which contemplate construction projects and want to save fees, but also of nations, states, cities, railroads, banks, associations of commerce, all sorts of corporations. The careers of George Washington and Herbert Hoover (the latter has two degrees, M. E. and C. E.) are shining examples of just how high an engineer may climb; to these engineering presidents now add the name of Pascual Ortiz Rubio, the president of Mexico. Robert P. Lamont, who succeeded Hoover as Secretary of Commerce, is an engineer. So are 21 members of the House of Representatives, 5 Senators, 8 governors, and scores of mayors and city managers.

Here are a few of the engineers who run railroads: Frank H. Alfred, engineering experience but no degree, president of the Père Marquette; L. W. Baldwin, C. E., president Missouri Pacific; Ralph Budd, C. E., president Great Northern; G. G. Crawford, Mech. E., president Tennessee Coal, Iron & Railroad; L. A. Downs, C. E., president Illinois Central; S. M. Felton, C. E., chairman Chicago Great Western; E. J. Pearson, C. E., former president New Haven; Samuel Rea, C. E., former president Pennsylvania; H. N. Rodenbaugh, C. E., president Florida East Coast; W. B. Storey, C. E., president Santa Fé.

And a few corporations: R. E. Tally, M. E., general manager, United Verde Copper; W. C. Potter, M. E., president Guaranty Trust; S. Guggenheim, M. E., president American Smelting & Refining; J. D. Ryan, no degree, but engineering experience, chairman Anaconda Copper; J. MacNaughton, C. E., president Calumet & Hecla Copper; C. F. Kettering, E. E., M. E., president General Motors Research; Irenee duPont, Chem. E., I. E. duPont de Nemours; Gerard Swope, E. E., president General Electric; E. M. Herr, E. E., M. E., president Westinghouse Electric & Manufacturing; E. W. Rice, E. E., C. E., honorary chairman General Electric; Samuel M. Vauclain, M. E., chairman Baldwin Locomotive; W. L. Saunders, M. E., chairman Ingersoll-Rand; F. S. Hunting, E. E., president Robbins & Myers; E. F. Weston, E. E., M. E., president Weston Electrical Instrument; J. F. Johnson, engineering experience but no degree, General Manager Toledo Community Traction; J. W. Lieb, M. E., vice president New York Edison; M. S. Sloan, E. E., president New York Edison.

A Real Road Test

THE Thom McAn shoe stores supplied 500 Postal Telegraph boys and girls in Chicago with brand new Thom McAn shoes. Each was also given a pedometer to be carried only when the shoes were in use. The results were reported to the company, which now announces that the average life of the soles of their shoes is 1,050 miles, during which time the shoes are subjected to a pressure exceeding the total weight of the *Leviathan*.

Not Too Good to Work

NO longer just a precious stone, the white diamond has joined the workers.

The Bausch & Lomb Optical Company, manufacturer of fine optical and scientific instruments, has found that the white diamond, properly mounted and ground, makes the best possible cutting tool for finishing the small metal parts —mostly brass—which make up its instruments.

It cuts at a greater speed than any other known material; it reduces idle machine time, interrupted production and the cost of resharpening tools. It will cut, literally, thousands and thousands of pieces with no change in its cutting edge. On alloys like brass, it leaves a lustrous surface which needs no further polishing. It makes possible a degree of accuracy not easily attained heretofore.

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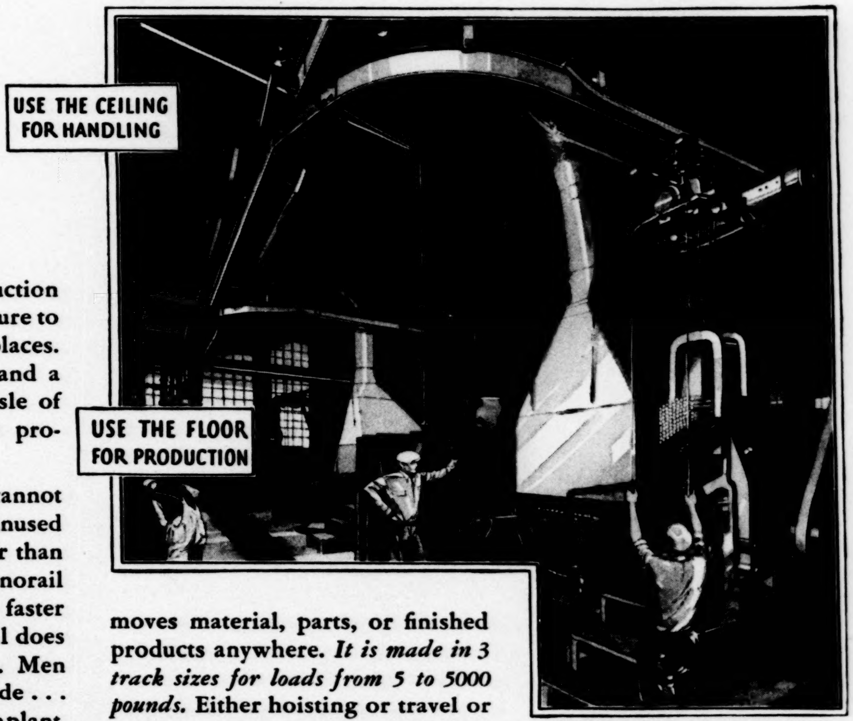

Industry Uses More Miles of Louden

Louden Monorail conveying bolt stock to bolt making machine and placing it in hopper without hand labor. The special stock carrier has drop bottom which is tripped automatically when close to bottom of hopper.

WHEN both use the floor, production and handling are sure to tangle . . . sure to encroach on each other in many places. Here, a machine projects too far and a clogged aisle results. There, an aisle of necessary width takes room that production needs.

What is the answer? Production cannot move but handling can . . . to the unused ceiling. And many advantages other than saved space result when Louden Monorail Handling is installed. Handling is faster . . . by fewer men. Louden Monorail does both the lifting and the carrying. Men merely push, or follow along, or ride . . . according to the system needed in the plant.

Breakage from jolts and collisions is radically reduced. The most fragile objects are safe on Louden racks, hooks, etc. . . . designed by Louden Engineers for any need.

Floor maintenance chargeable to the wear and tear of truck wheels is eliminated. In fact, Louden Monorail Handling entails no additional expense to detract from the clear savings enjoyed by every Louden user . . . savings that pay for a Louden Monorail installation in from 2 to 60 months.

Any plant can have Louden Monorail Handling . . . without changing layout, eliminating inclines or cutting wider doors. By the load, or in a steady stream, a Louden Monorail moves material, parts, or finished products anywhere. *It is made in 3 track sizes for loads from 5 to 5000 pounds.* Either hoisting or travel or both can be manual or electric as desired. Inexperienced labor can install a Louden Monorail . . . but in planning the best arrangement, Louden Engineers with their long practical experience can be of invaluable help to you. You will not be obligated by requesting their help.

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USE THE OTHER HALF OF YOUR FACTORY

(A 1701)

EDITORIAL

We Ought To Know

EVERY believer in the Federal Reserve System will give Governor Young of the Reserve Board a round hand for his timely lecture to business men last week on their deplorable excess of cold feet in making more use of the easy money and abundant credit which has been put at their disposal by Federal Reserve policy to facilitate business recovery. We urged that policy and we join in his exhortation.

The banks can expand and cheapen credit; they cannot make business use it. They have done what they could—a little late, perhaps—to provide the basis for business revival; business men must do the rest, more promptly.

We are glad that the Reserve Board, the Reserve Banks, and Washington, have been in such complete agreement upon an easy money policy at this time; and that they have been so candid about it. These hearts do not always beat as one, nor reveal themselves so freely. Mr. Young's explanation last week of the Board's policy in 1929 and Mr. Gates McGarrah's simultaneous revelation, in his report as Reserve Agent of the New York Bank, of the conflict over rates between the Board and the Bank last year raise a question which may be as important in the near future as it was then.

It is easy and popular to agree and be frank about an easy money policy; but what when the shoe is on the other foot? Suppose, for example, that the New York Bank should find, as it did in 1929, and as it may soon again, that easy money is not helping business, save through the devious and dangerous channel of security speculation; that the member banks are using Reserve credit only to help themselves carry swollen brokers' loans on inflated security values. Suppose the Bank, in face of another wild bull market, should think it necessary or desirable to raise the rediscount rate and tighten the money market; and suppose this were to happen in a year of presidential or congressional elections? Would the Bank have to carry its peck of troubles again to the confessional in Washington and plead for dispensation behind closed doors? Would its officials have to bury their secret anxiety in their troubled breasts, and leave it to the Board to thunder vaguely and belatedly against speculation till it is ready to admit their plea?

We think this issue of publicity in Reserve Bank policy is squarely joined by the recent post-mortems on the disastrous experience of 1929, and is worth pondering seriously now. We believe in our regional system of central banking; we think it proper that the Reserve Board should first approve proposed rate changes before they are made. But we cannot think it desirable that such proposals should be kept state secrets between the Board and the Banks. There is nothing in the Reserve Act to prevent the Reserve Banks from announcing their requests for rate changes as soon as made.

The Board will, of course, deny or approve, as always. But the business public has a clear right to know what the regional banks wish to do and think it necessary to do in these matters, and where the responsibility for doing or not doing them, and for delay, lies. If it knows this it can act accordingly and adjust itself intelligently to the situation.

Such knowledge of the wishes of the New York Bank in 1928 and 1929 would have helped far more to restrain the tide of speculation and prevent the market crash than all the mutterings and mumblings of the Reserve Board.

Light is more useful and reassuring than thunder and lightning.

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